



FY 2006-2007 Annual Budget

City of Rocky Mount

Mayor

Frederick E. Turnage

Mayor Pro Tem

Andre Knight

City Council

Reuben C. Blackwell, IV

L. Lamont Wiggins

Angela R. Bryant

David W. Combs

W. B. Bullock

Chris Miller

City Manager

Stephen W. Raper

Assistant City Managers

Peter F. Varney

Charles Penny

Reader's Guide

This document contains the City of Rocky Mount's Recommended Budget for Fiscal Year 2006-07. This budget serves two purposes. First, it presents a clear picture of the services that the City provides and of the policy alternatives that are available. Second, it provides a financial and operating plan that conforms to the City's accounting system. This **Reader's Guide** has been added to make this document easier to read and understand.

Document Organization

The City's annual budget book is divided into the following sections: Budget-in-Brief, Budget Overview, General Fund, Utility Funds, Capital Budget, Other Funds and Appendix.

The **Budget-in-Brief** includes the City Manager's Budget Message. This letter provides an overview of the budget and the recommendations contained therein. This letter provides an excellent summary of the budget and will assist the reader with an understanding of many of the key budget issues. This section, also, includes summaries of fund totals, comparisons of revenues and expenditures and a summary of the city personnel.

The **Budget Overview** includes information helpful to understanding the City of Rocky Mount's Budget Development process, organization chart, financial policies and strategies, fund structure and a review of Selected Revenues and Expenditures.

The remainder of the budget is organized by fund, an accounting term which simply means a balanced set of revenues and expenditures. For each fund, three years of financial information is included: actual figures from FY 2004-05, revised budget and projected figures from FY 2005-06 and the FY 2006-07 Adopted Budget.

The **General Fund** section covers the City basic services such as police, fire, recreation and public works, which are supported by property tax and other general purpose revenues. Each department is shown separately and each section includes a department overview with an organization chart, performance indicators, and summaries of expenditures and employees. Following each department summary is a division summary, which includes a division description, accomplishments, and new initiatives for the new year, a detailed budget and summary information including capital outlay.

The next section contains the City's **Enterprise Funds**. An enterprise fund is a fund established to account for operations that are financed and operated in a manner similar to private business enterprises. Expenditures in these funds are financed primarily through user fees. The Enterprise Fund section includes the Electric, Gas, Water, Sewer, and Stormwater Funds. These funds are organized similarly to the General Fund with department overviews and more detailed information at the division level. The Capital Budget for each utility is included in its respective department.

Reader's Guide

The **Other Funds** section includes the following smaller funds: Powell Bill, General Capital, Debt Service Fund, E-911 Fund and Canteen Fund.

The **Appendix** contains supplemental information including statistical information about the City, a community profile, glossary and the Budget Ordinance. The Ordinance constitutes the legal limit of spending for the various funds of the City.

The city invites comment from the reader on aspects of this budget document that warrant improvement and continued refinement. Inquiries, comments or requests should be directed to:

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Rocky Mount
North Carolina**

For the Fiscal Year Beginning
July 1, 2002

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the City of Rocky Mount for its annual budget for the fiscal year beginning July 1, 2005.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



May 10, 2006

Honorable Frederick E. Turnage, Mayor
Members of the City Council
City of Rocky Mount
Rocky Mount, North Carolina

Dear Ladies and Gentlemen;

I am pleased to present and recommend this FY 2006-07 Operating and Capital Budget for the City of Rocky Mount. In accordance with North Carolina General Statutes, this recommended budget is balanced with respect to revenues and expenditures. Overall the FY 2006-07 Recommended Budget totals \$193,854,708. This represents a 3% decrease from the FY 05-06 Revised Budget of \$199,855,709. Most of this decrease is attributable to decreases in capital projects in the utility funds.

General Fund	\$47,447,820
General Capital Fund	\$1,919,100
Powell Bill Fund	\$2,376,400
E-911 Fund	\$380,000
Debt Service Fund	\$3,459,768
Electric Fund	\$85,251,000
Gas Fund	\$28,047,000
Water Fund	\$9,770,000
Sewer Fund	\$11,281,170
Stormwater Fund	\$3,922,450
Total	\$193,854,708

Where are we today?

As you will recall the development of the FY 2005-06 Budget was difficult and required restraint in every area. Last year, the economy at the national and state levels was improving, and like most other local governments, we anticipated a continuing upturn in economic activity, but by how much was difficult to predict. This year the local economy appears to be improving, but more slowly than predicted. Because of the uncertain outlook, and slow growth in revenues, I recommended undertaking only the most necessary capital projects and programs. We have planned for the continued construction

and ultimate completion of the Sports Complex, moving forward with downtown enhancement projects, redevelopment of the Douglas Block, and funding for necessary facility renovation and improvements for our utility systems. We were also able to fund performance raises and a 2-½% increase in the employee pay range schedule.

Throughout the year, I asked departments to closely monitor their expenditures and carefully manage the capital projects as they progressed. Our revenues did not grow as we had anticipated in the original budget. Foreseeing that revenue would not grow as anticipated and the discovery of an error in the estimated revenues for FY 2006, departments within the general fund were asked to reduce spending by 3% in the fall of 2005. These circumstances, combined with careful management by our department heads and our previous restraint, have allowed the City to remain in a sound financial position.

Challenges Next Year

For the past several years, balancing the budget has been challenging as a result of slow growth in revenues and increasing costs. The FY 2006-07 budget experienced the same challenges as prior years and each year the challenge increases as available revenues fail to grow at the same pace as rising costs. We anticipate modest growth in revenues for next year, but we are also faced with continuing cost increases for fuel, energy, contractual services and fringe benefits for our employees, as well as increases in operating costs as we bring on line the new facilities.

While improving economic activity is evident, the City continues to deal with variable local manufacturing operations. This has particularly affected the utility operations, where after factoring in the impact of weather, sales have actually declined in some utilities. Combined with the need to pay for the financing of improvements to our water and wastewater system, and the need to improve our gas and electric distribution systems, little or no growth in sales will dictate rate increases in some utilities.

This year, while there is less uncertainty than in the recent past because this year's State budget estimates appear to be very positive, the economy is still somewhat of a wild card. The State economy has not yet recovered to the degree it has after past recessions. Combined with the effect of higher energy prices, it is estimated that a recovery is modest or possibly a slowdown could occur. Our budget contains several revenue sources that are dependent on the general economy. Among these are sales tax, property tax, interest income, and permit fees. We will continue to monitor legislative developments closely, and will work in concert with all North Carolina municipalities through the League of Municipalities to ensure the stability of our future revenues from the State.

The Imperial Center project was completed mid-year in FY 2005-06. The Athletic Complex will be complete in early FY 2006-07. We will open the Senior Center in FY2005-06. These projects have a significant impact on the operating budgets for these programs, costs over and above the capital costs for these programs. For FY 2006-07, the Parks and Recreation budget increased 24% in order to cover the operating costs and debt payments for these new facilities.

New Challenges Ahead

Looking forward, the first major challenge for City operations in the coming year is continuing to ensure the financial health and stability of our utilities operations. The customer base and usage patterns for water, sewer, gas and electric utilities have changed significantly over the past few years. We have begun to address needs in the water and sewer operations for infrastructure expansion and facility upgrades, but we recognize that we need to continue to adapt both our operations and financial base in these utilities to maintain support for future economic growth by providing the necessary utilities infrastructure and to adapt to changes in usage patterns.

This budget recommends no rate increase for the electric, gas, water, or stormwater utilities. However, we are proposing a 5% increase in sewer rates. The increase is necessitated by increases in energy costs and debt payments. Sewer debt payments increased \$250,000 resulting from financing of the sewer facilities and infrastructure extensions. Energy costs continue to rise at a rapid pace, which is a major challenge for all the utilities, but especially in the electric and gas funds. In late 2005, Council approved adding a purchase gas adjustment (PGA) to our rate structure that enables the City to levelize the cost of gas for customers, while limiting the exposure of the utility. We will continue to review rate structures and methods to improve the operations of all the utilities.

As previously mentioned, we have added the Sports Complex, Imperial Center, and Senior Center into the FY 2006-07 budget. As expected, there are additional costs to operate these facilities. The Parks and Recreation department budget increased \$1.7M or 24% primarily due to debt payments, utilities, and maintenance costs associated with the new facilities. Clearly these facilities are needed and are having a positive impact on the future of the City, and we are committed to funding the operating costs of these new and improved community cultural programs.

Our solid waste collection and disposal program is successfully operating once-a-week curbside collection of residential solid waste, but there is a need to improve the recovery of our costs for collecting both residential and commercial waste, and we are proposing modest rate increases for all of these services to cover a larger share of our costs. We will continue to evaluate our waste collection services to identify efficiencies and improvements wherever possible. The rate increase is necessitated by several factors including the cost of diesel fuel, inflationary operational costs, and necessary repairs to the transfer station. The recommended rate increase will generate revenues that will recover only 60% of the cost of the environmental services program. In FY 2005 we recovered 49% and in FY 2006 we estimate that we will recover 58% of our costs.

Given our limited financial resources in yet another difficult year, we will exert every effort to continue to provide the quality local services the citizens expect and deserve.

FY 2006-07 Recommended Budget

Similar to the last four years, balancing the FY 2006-07 Recommended Budget was exceedingly difficult. In order to balance the budget, I was required to make a 3% cut in operational expenditures, to continue to hold and expand some existing vacant positions, and to delay several or reduce in scale capital projects, particularly those financed by general tax revenues. We have included most of the projects included in the Capital Improvement Program (CIP). A few of the projects listed in the CIP have been omitted from the recommended budget due to a lack of resources. They include:

- Electric Substation # 3 upgrade
- Reservoir water quality evaluation
- Additions to the WWTP generators
- Museum shop work area
- Replacement of lights around City lake
- New fuel pumps for City fueling site

Overall Revenues

As I noted above, most of the revenues had little to no growth. For the 2007 Recommended Budget, we expect the State shared revenues to continue to show little growth. Powell Bill revenue is expected to grow 1.5%, utility franchise fees are expected to grow 3%, and beer and wine tax revenue is expected to grow 2%. No growth is expected for cable franchise fees and the telecommunications tax revenue is expected to decline 2% due to widespread competition in the marketplace. Sales tax revenue continues to do well and next year a 4.5% increase is expected.

Each year the General Fund subsidizes the solid waste program. As previously mentioned, a modest increase is recommended in order to recover overall increases in costs for this program and to help minimize the general fund subsidy. The most significant increase in program expenses have been for fuel. I have included an increase in the monthly residential solid waste fee from \$7.25 to \$8.00; an increase in the monthly recycling program fee from \$1.50 to \$1.75; an increase in the commercial solid waste fee from \$4.00 to \$4.75 per cubic yard. Again, these increases will only generate revenue to recover 60% of the program cost.

Each year as part of the budget process, we evaluate the rates at the transfer station. We expect our service provider to increase the rates for transportation and disposal by 3.7% and we recommend passing on the increase to our customers. Since we began the transfer station, we have seen growth each year until last year. We believe we have reached the upper end of our potential market and we do not anticipate growth from increased volume next year. We have recommended a rate increase of 3.5% in addition to the 3.7% expected increase from our service provider for a total of 7.2%. The increase is to cover increases in cost to operate the facility including the refurbishment of the facility's wear slab floor. The recommended rate structure remains competitive and will continue to provide a tier pricing structure that provides declining rates for increasing volumes.

The recommended budget includes a 4-cents ad valorem tax increase. As you will recall, the tax rate was increased 4-cents in FY2003 and 2-cents in FY2004 as part of the funding plan for the construction of Parks and Recreation capital improvements. This increase was dedicated only to cover the capital cost and debt service for the Imperial Center and Sports Complex. Tax revenues grew 1.6% last year and are expected to grow a similar amount this year. The normal growth is not sufficient to cover the additional operational costs. The last property revaluation occurred five years ago in 2001 and the next revaluation will occur in 2009.

A tax increase is necessary to cover the additional general operational cost of City government. For example, the recommended budget includes new costs of \$1.7 million for combined operational costs for the Imperial Centre, Sports Complex, and the Senior Citizen Center. Of that amount, \$500,000 will be funded from the 3% Hotel Occupancy tax. Debt service on the new facilities is \$850,000 and is funded by prior tax increases. The remaining amount of \$350,000 requires funding from general revenues. The tax rate increase will also provide funds to cover an increase in cost for employee and retiree health insurance. Our health insurance cost increased 25% and the general fund share of the increase is \$775,000. The impact of increasing energy prices is expected to cost the City an additional \$400,000 in the general fund. The combined impact of the new facilities, health care costs, and energy costs is a total of \$1.5 million. A 4-cent tax increase will generate an additional \$1.1 million. A 4-cent ad valorem tax rate increase will take us to \$0.54 per \$100 of assessed valuation. This 4-cent increase represents an 8% increase or about 1 ¼% a year since the revaluation. This is certainly much less than our annual cost of living increase over the same period. The City's tax rate continues to be one the lowest in the state.

Frankly, up until the final stages of preparing this budget, a 6 to 8-cents tax increase was needed to balance the budget. But, by cutting operational expenses, holding 28 positions frozen, and deferring capital projects, we were able to reduce the proposed tax increase. You may recall in my budget message for the current year that I advised you "When our current major capital projects and facilities are fully operational for an entire year in FY 06-07, I anticipate the need for a modest tax increase."

In Public Utilities, demand for both gas and electrical energy, as always, moves with the weather. For the second year, wholesale gas prices increased significantly, which we were forced to pass through to our customers. The Electric Fund is not absorbing unfunded costs since the rate increase was activated this year; however, we have a ways to go to be able to upgrade some aging facilities while also continuing to provide reliable service. The proposed budget does not contain either a gas or electric rate increase. As in past years, in the event our electric supplier adjusts its rates to the City as they customarily do, then I would recommend continuing our practice of increasing or decreasing rates accordingly, as we were forced to do this past year. The City purchases gas on the market monthly. We will adjust our purchase gas adjustment, which is the cost-based portion of our rate, up or down in accordance with our cost of natural gas.

In the Water and Sewer funds, as you may recall, we increased rates in both funds last year to fund a number of major capital projects to maintain and improve the treatment plants for both utilities, as well as to meet the costs of ever more stringent federal and state requirements for the quality of both drinking water and wastewater effluent. This year, those projects are either underway or near completion. We remain committed to providing the necessary water and sewer infrastructure to support continued economic growth. The cost to do so and operate these utilities continues to rise. Sales in both funds show no measurable growth. Expenses in the water fund are expected to be 3.5% above FY 2006 and expenses in the sewer fund are projected to be 15% more than FY 2006. In order to balance the water fund without a rate increase, operating costs were cut. This is more difficult to do in the Sewer fund which has a much larger increase in expenses, mostly due to energy costs and debt service. To maintain both our current service level and to provide funds for plant maintenance and debt service, I am recommending a 5% increase in sewer rates.

The Stormwater Utility is operating well and no rate increase is requested. The fund is currently generating the funds necessary to cover operating cost and fund capital necessary for Stormwater system improvements.

Personnel

As with every other business and government operation, we face increases in our health insurance cost. This year has been a costly year for our plan as claim expenses were high. We looked closely at our plan options and obtained pricing from other providers; but ultimately our current plan provider is the best value. We have budgeted for a 25% increase in the cost of employee health insurance. We will continue to advise our employees on “smart” utilization of their medical coverage, to their benefit and the City’s. A team of employees has been appointed to look into options aimed at promoting healthy lifestyles and hopefully we will lower our health care costs. In the coming year, we must take a serious look at our health insurance benefits offered to our employees and retirees in order to continue to provide a plan that is affordable to our employees and the City.

We are holding 28 vacant positions: 20 in the General Fund, 2 in Public Utilities, 4 in Water Resources, and 2 in Stormwater. Most of these positions have been held vacant since the spring of 2001 when the State first withheld funds from the city. I have released one position, Gas Pipeline Supervisor, which will be used to hire a Public Utilities Operation Manager. This position is needed to assist with operational management duties and analysis. Overall, there are more positions held than in the prior year. This was necessary as one of the measures to balance the budget and reduce the amount of tax increase recommended.

This recommended budget provides for the addition of ten new positions. Among the new positions are an Information Systems technician and five customer service representatives. Currently each of these positions is part time and it is difficult to recruit

and retain quality employees due to the lack of permanent employment or benefits. For the customer service representatives, the additional cost of benefits is offset by a reduction in overtime hours and part time wages. Two maintenance workers will be added to provide building maintenance for the Imperial Center and the Senior Citizens Center. We evaluated hiring contract labor to maintain the building and found it is more cost effective to maintain the buildings with hired staff. In addition, one position previously held vacant in Parks and Recreation will be released to lead a new maintenance crew for the Sports Complex. Two new employees will be added to work on the maintenance crew. All three positions will not be filled until the spring of 2007.

I have included funds for pay for performance increases for employees. I continue to believe that this program should be funded if at all possible, as our employees are our most valuable assets, and this program is essential to retaining employees and encouraging their improved performance.

Finally, I am recommending increasing the pay ranges by 2-1/2%. This increase is needed to make our compensation competitive.

Capital

Again as in past years, I recommended some significant reductions in the size and scope of our capital projects. These reductions were necessary to balance the budget, but were clearly not desirable. Since a large portion of our budget is for people and benefits, and for fixed costs such as debt service and contracts, it is necessary for capital and other operating supplies to absorb a greater portion of the necessary reductions.

A priority in capital expenditures is to provide funding to adequately complete and equip projects that are already underway or committed to. Included in this priority are projects in all of the utility funds that accomplish needed multi-year upgrades and repairs, a continued commitment to timely Police vehicle replacement, and funds to begin downtown revitalization including the Douglas Block.

There are also some projects that require immediate action to prevent a major disruption in City services. These include repairs to Fire Station #6 and major work on the Solid Waste transfer station, which collects and loads all City and privately collected solid waste and ships it to our contract landfill.

General Fund/General Capital Fund

As noted, I was required to take a conservative approach to developing a budget based on our limited revenues, an approach which maintains services and allows the city to continue some large projects already underway.

Below, I have identified some programs and services funded through this budget. For the most part, budget requests supporting existing programs and services were funded. As is always the case, there are more needs than current resources can support, especially in the General Fund. In some instances, small increases were included when necessary and

needed and new cost are funded for the operational cost for the Imperial Center, Sports Complex, and Senior Center facilities. We carefully reviewed capital requests and limited funding of these items.

As you review the budget, you will note some increases in operating costs. The cost increases the City must cope with are on the same items which every business and household also has to cover, but frequently the City's costs are a larger portion of its total budget, reflecting the nature of local government operations. These areas include communications, utilities, gasoline/diesel fuel and chemicals.

Funds are included for the replacement of ten new patrol cars in the Police Department. This expenditure is part of a capital project included in the CIP. This is the fourth year of a process of patrol vehicle replacement, made necessary because of the continuous high mileage accumulated on patrol vehicles. The Police Department must have a dependable fleet of patrol vehicles to maintain a consistent presence in neighborhoods and to respond to emergencies.

A project that is essential to providing adequate facilities for our firefighters is the renovation of Fire Station #6 to remedy water and mold problems in the building. This project was planned for FY 2006; however, the cost to perform the renovations was much higher than we had anticipated due to the escalating cost of construction materials. The City Fire Department will perform the role of general contractor in order to reduce the overall cost of the project.

Another significant increase in the General Fund budget are items in Parks and Recreation. The operations costs for the Imperial Center, Sports Complex, and Senior Center increase the General Fund budget by \$1.7 million over the prior year. These cost include operational cost, debt service, and necessary equipment for these facilities.

A major item in the Public Works budget is the replacement of the work floor at the Solid Waste Transfer Station. The concrete floor was designed to gradually wear away, but the original floor did not last as long as projected, and must be replaced this year with a new floor, which is engineered to have a longer life than the original. This item was budget for FY 2006; however, it was delayed due to scheduling conflicts. The City will obtain installment financing to fund this project.

Powell Bill Fund

This Recommended Budget provides for Powell Bill projects totaling \$2,376,400. In the upcoming year, we expect to receive \$1,792,380 in Powell Bill revenue, a 1.2% increase in this revenue for streets and roads projects. We have budgeted \$750,000 for street resurfacing. The budget also provides continuing funding for new construction and repair of sidewalks.

We will continue to make contributions from Powell Bill to both the General Fund and the Stormwater Fund to cover Powell Bill eligible activities such as crack sealing and asphalt patching in the General Fund and ditch maintenance and street sweeping in the Stormwater Fund.

Electric Fund

Funds available in the Electric Fund are directly related to the relationship between sales and purchases. The largest revenue and expenditure in the city budget is for the sale and purchase of power. Utility sales and the associated purchases are expected to increase 7% over the coming year. The Recommended Budget does not include an electric rate increase.

The Electric Budget includes the normal electric operating expenses such as supplies, equipment maintenance and repair and fuel. The cost of these items is increasing. To balance this budget without a rate increase, reductions were made in both capital and ongoing operations costs.

The Capital Budget has been reduced from what was recommended in the Capital Improvement Program. Among other projects, this recommended budget include funds for distribution system improvements (\$250,000), utility GIS and dispatching system improvements (\$100,000), transmission pole replacement (\$150,000), and funds for continuation of the automated meter-reading project (\$150,000), an effort that will be undertaken by all the utility funds.

Gas Fund

The Recommended Budget does not include a gas rate increase. In the event the City's gas supplier adjusts its rates, I will recommend we continue the City's practice of adjusting rates accordingly.

The greatest challenge we face in the Gas Fund is the regular increases in wholesale prices, which we have been experiencing recently. We plan to use \$237,000 of the Gas Funds working capital reserves in order to move forward with necessary projects without increasing rates.

The capital projects in the Gas Fund include the cost of new lines (\$300,000), providing new service connections (\$150,000), continuing the cast iron main replacement program (\$200,000), and funds for the automated meter reading project (\$100,000).

Water Fund

While the Water Fund will meet its projected revenue for FY 05-06, treatment and energy costs have escalated significantly. We will fund these increases with cost cutting measures and thus no rate increase is recommended.

The Water Fund had several large capital improvement projects funded during FY 05-06. Projects for FY 06-07 have been limited to those necessary as we begin to repay the debt service associated with the financed improvements. The Water Capital Budget funds a number of projects, including hydrilla management (\$50,000), additional system improvements, repairs, and line extensions (\$300,000), improvements to the SCADA data acquisition and control system (\$75,000), and automated meter reading (\$100,000).

Sewer Fund

This operation continues to face increasing costs of doing business, coupled with the increased debt burden resulting from system improvements and repairs leads me to recommend a 5% rate increase for sewer services to put this operation on a more stable financial footing. Some level of increase was anticipated when we undertook the improvement projects. A portion of the increase is needed to cover rising energy costs.

The Sewer Fund budget includes the normal expenses for operating and maintaining the sewer systems and plant. Capital projects will include oversizing and extending mains (\$325,000), continuing the rehabilitation of existing mains and manholes (\$225,000), and automated meter reading (\$90,000).

Some Final Thoughts

The budgets for the last few years have been extremely difficult due to the economic realities we have found ourselves in. We have begun to see some improvements in our major revenues, but these long-anticipated increases have been more than matched by increased capital and operational funding demands. If the local economy continues to grow at a normal rate, we may be able to pursue limited service expansions or changes. For the present we must focus on completing those tasks which the City Council has already approved as high priority, and bringing into operation those new projects and initiatives which we have worked so hard to complete over the past four years. The FY 2006-07 Recommended Budget is focused on both of these goals.

Conclusion

I am pleased to present this budget, which I believe to be in keeping with City Council's immediate goals and objectives. While I was able to balance this budget with a property tax increase of 4-cents, I must advise that it was very, very difficult. It was anticipated that a modest increase would be needed once the new facilities were operational. We did not anticipate that energy costs and health insurance cost would continue to rise at such significant levels.

I anticipate in this coming year we will continue to see slow but steady improvement in the City's business activity and residential development, and for 2006-07 guarded optimism is the appropriate outlook. While we do not have the flexibility we once enjoyed, I believe this budget positions the City where it needs to be for the coming year, and I recommend it for your approval.

Thank you for your consideration of this budget. I look forward to reviewing and discussing it with you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen W. Raper", with a stylized, cursive script.

Stephen W. Raper
City Manager

Comparison of Recommended to Approved Budget FY 2006 - 2007

	Recommended Budget	Approved Budget
General Fund	\$ 47,447,820	\$ 47,794,625
General Capital Fund	\$ 1,919,100	\$ 1,889,100
Powell Bill Fund	\$ 2,376,400	\$ 2,376,400
E-911 Fund	\$ 380,000	\$ 380,000
Debt Service Fund	\$ 3,459,768	\$ 3,459,768
Electric Fund	\$ 85,251,000	\$ 85,277,160
Gas Fund	\$ 28,047,000	\$ 28,061,874
Water Fund	\$ 9,770,000	\$ 9,785,218
Sewer Fund	\$ 11,281,170	\$ 11,303,218
Stormwater Fund	\$ 3,922,450	\$ 3,922,450
Canteen/Scholarship Fund	\$ 566,280	\$ 566,280
Total	\$194,420,988	\$194,816,093

	Recommended Budget	Approved Budget
Tax Rate per \$100 of valuation	\$.054	\$.055

Items Added to the Recommended Budget

Division	Amount	Item Description
Mayor/Council	\$50,000	Housing Marketing Study
		Operating support to non-profits listed in Task Force Report addressing housing needs and incentives for affordable housing.
	177,250	
	100,000	Additional commercial demolition funding
	100,000	Predevelopment support for Crossing @ 64 project
	15,000	Diversity training and action plan
	(47,900)	Administrative Service Fee adjustment
	<u>\$394,350</u>	
General Capital	<u>\$70,000</u>	Additional Booker T Washington repair funding
Police Administration	<u>\$20,000</u>	Furniture and equipment for police substations
Parks Administration	<u>\$2,000</u>	Coaches training and league support for Buck Leonard baseball league
Parks-Special Events	<u>4,000</u>	Father and Son fishing tournament
	<u>\$6,000</u>	
Human Relations	<u>\$2,000</u>	CCN Youth Explosion effort at Stith-Talbert Park
	6,500	Neighborhood support funds
	(5,900)	Administrative Service Fee adjustment
	<u>\$2,600</u>	
Community Services	<u>\$10,000</u>	Unity and Lancaster Cemetery cleanup
	(1,300)	Administrative Service Fee adjustment
	<u>\$8,700</u>	
Downtown Development	<u>\$10,000</u>	Harambee Festival
	(2,500)	Administrative Service Fee adjustment
	<u>\$7,500</u>	
Community Development	<u>\$50,000</u>	Community Development Division Staff Support
	<u><u>\$559,150</u></u>	

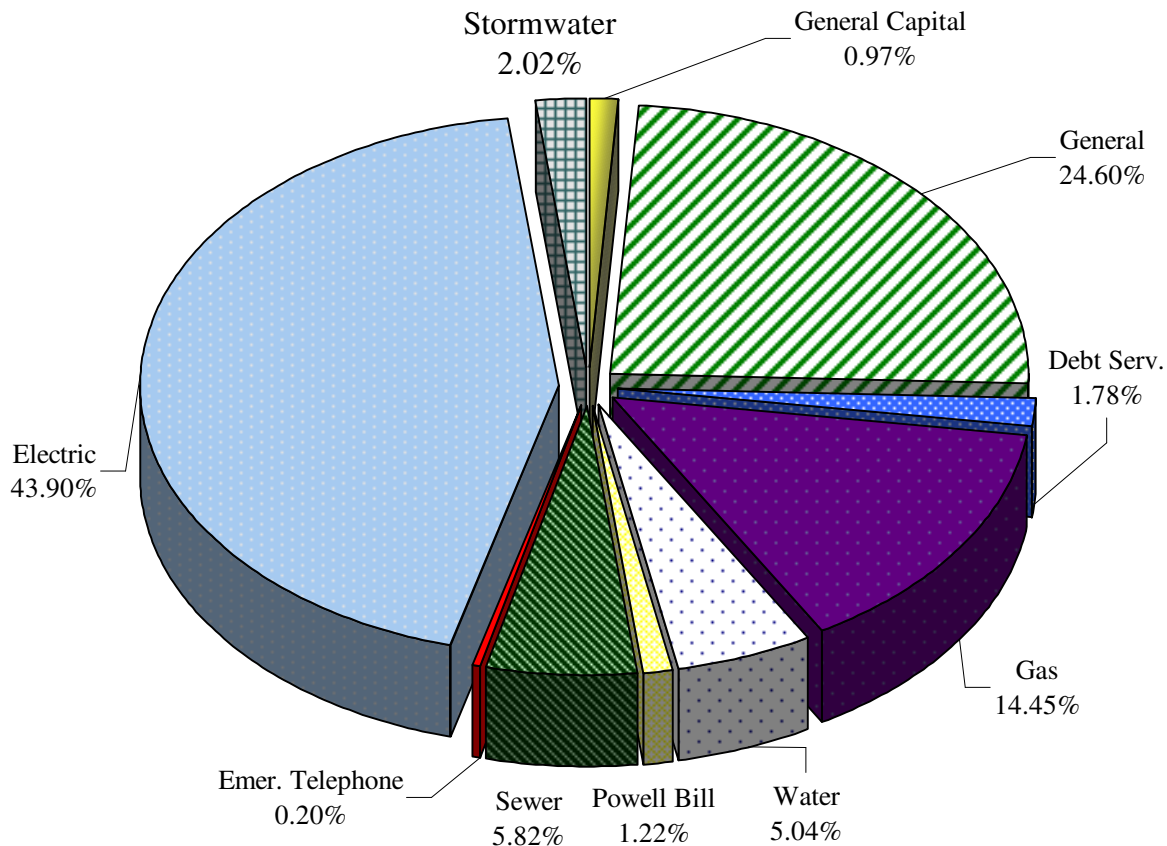
Budget In Brief

Fund Summary

The City of Rocky Mount's Total Operating Budget for FY 2006-07 is \$194,249,813. This represents a 4% decrease over the Projected FY 2005-06 Budget.

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
General Fund	\$ 41,032,113	\$ 46,400,849	\$ 44,375,544	\$ 47,794,625
Powell Bill Fund	\$ 2,361,599	\$ 4,305,036	\$ 3,254,000	\$ 2,376,400
Emergency Telephone Fund	\$ 221,634	\$ 369,000	\$ 296,000	\$ 380,000
Debt Service Fund	\$ 2,691,255	\$ 3,262,730	\$ 3,262,729	\$ 3,459,768
General Capital Fund	\$ 1,490,657	\$ 2,167,450	\$ 1,856,350	\$ 1,889,100
Electric Fund	\$ 70,240,452	\$ 83,299,542	\$ 82,193,076	\$ 85,277,160
Gas Fund	\$ 25,398,457	\$ 33,572,540	\$ 33,536,400	\$ 28,061,874
Water Fund	\$ 9,137,259	\$ 14,007,836	\$ 13,650,298	\$ 9,785,218
Sewer Fund	\$ 10,965,835	\$ 17,062,326	\$ 16,879,585	\$ 11,303,218
Stormwater Fund	\$ 2,686,186	\$ 3,843,900	\$ 3,694,918	\$ 3,922,450
Total	\$ 166,225,447	\$ 208,291,209	\$ 202,998,900	\$ 194,249,813

Expenditures by Fund

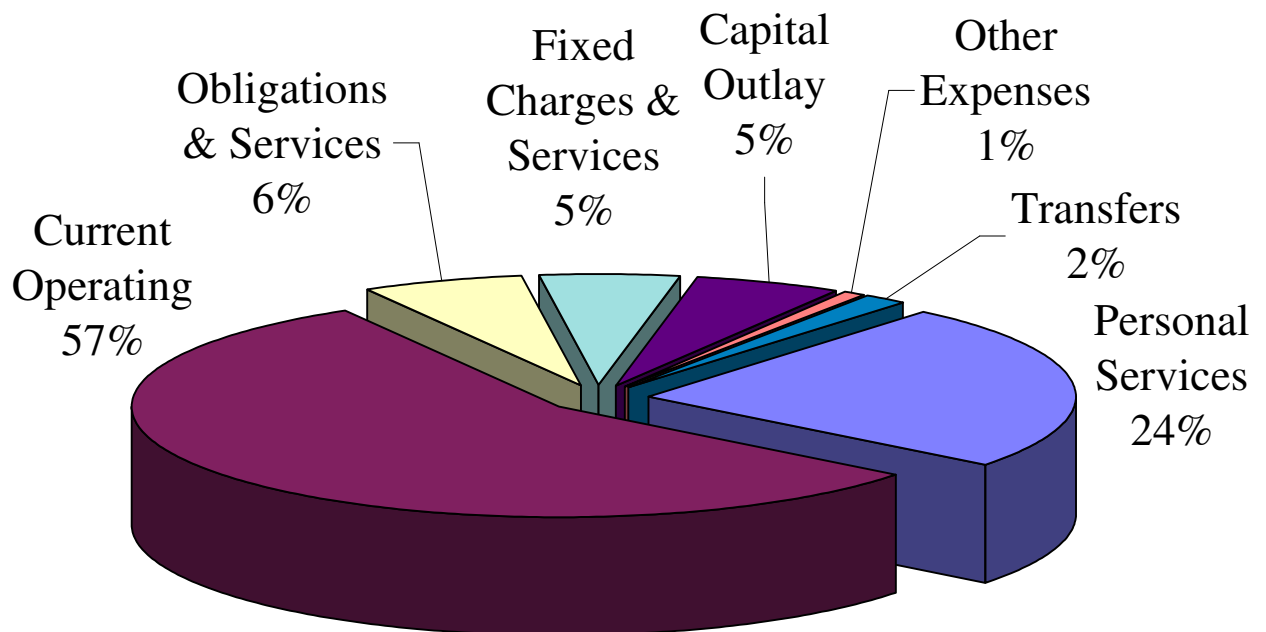


Budget Overview

Comparison of Expenditures

	Personal Services	Current Operating	Obligations & Services	Fixed Charges & Services	Capital Outlay	Other Expenses	Transfers	Total
General Fund	\$ 35,962,476	\$ 9,936,210	\$ 5,902,130	\$ 3,758,680	\$ 2,391,700	\$ (10,603,900)	\$ 447,329	\$ 47,794,625
Powell Bill Fund	\$ -	\$ 125,000	\$ -	\$ -	\$ 1,333,400	\$ 450,000	\$ 468,000	\$ 2,376,400
Emergency Telephone Fund	\$ -	\$ 30,000	\$ 270,000	\$ -	\$ 80,000	\$ -	\$ -	\$ 380,000
Debt Service Fund	\$ -	\$ -	\$ 3,459,768	\$ -	\$ -	\$ -	\$ -	\$ 3,459,768
General Capital Fund	\$ -	\$ 435,000	\$ -	\$ 794,100	\$ 660,000	\$ -	\$ -	\$ 1,889,100
Electric Fund	\$ 3,832,445	\$ 71,251,020	\$ 728,100	\$ 1,920,790	\$ 2,210,200	\$ 4,084,605	\$ 1,250,000	\$ 85,277,160
Gas Fund	\$ 1,232,813	\$ 21,952,050	\$ 163,700	\$ 249,330	\$ 1,213,000	\$ 2,350,981	\$ 900,000	\$ 28,061,874
Water Fund	\$ 2,592,750	\$ 2,486,400	\$ 449,200	\$ 1,625,880	\$ 760,500	\$ 1,520,488	\$ 350,000	\$ 9,785,218
Sewer Fund	\$ 2,199,810	\$ 2,180,230	\$ 460,500	\$ 2,133,850	\$ 1,116,400	\$ 3,212,428	\$ -	\$ 11,303,218
Stormwater Fund	\$ 1,559,370	\$ 904,250	\$ 28,100	\$ 199,830	\$ 752,000	\$ 478,900	\$ -	\$ 3,922,450
Total	\$ 47,379,664	\$ 109,300,160	\$ 11,461,498	\$ 10,682,460	\$ 10,517,200	\$ 1,493,502	\$ 3,415,329	\$ 194,249,813

Expenditures by Type



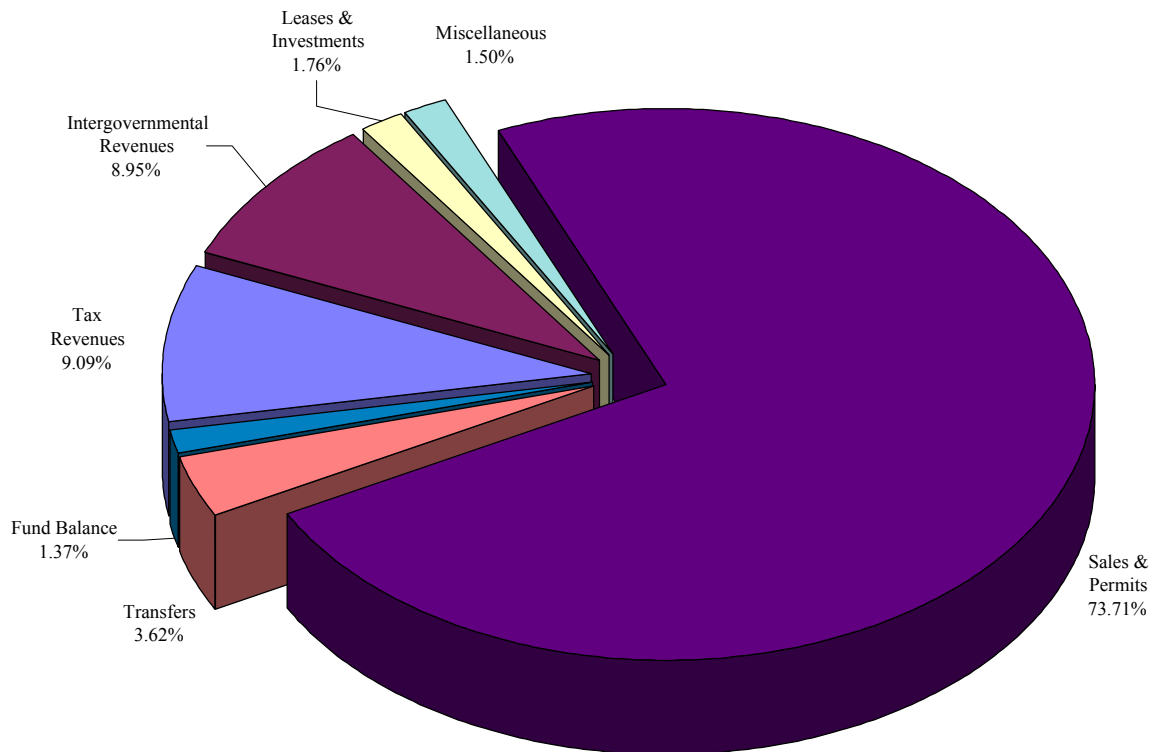
The largest category of expenditures is Current Operating (57%) which represents the purchase of wholesale gas and electric energy. Personnel costs are the second largest share of the total budget at 24%. Capital outlay is 5% of the total budget compared to 10% last year as a result of the completion of several large capital projects in FY 05-06 such as the Imperial Center and water and facility improvements and line extensions. All other categories are similar to last year.

Budget In Brief

Comparison of Revenues

	Tax Revenues	Inter- Governmental	Leases & Investments	Miscellaneous	Sales & Permits	Transfers	Fund Balance Appropriated	Total
General Fund	\$ 17,581,000	\$ 14,228,100	\$ 1,607,000	\$ 1,251,055	\$ 8,627,470	\$ 3,000,000	\$ 1,500,000	\$ 47,794,625
Powell Bill Fund		\$ 1,960,380	\$ 100,000	\$ 50,000	\$ -	\$ -	\$ 266,020	\$ 2,376,400
Emer. Telephone Fund		\$ 350,000	\$ 30,000					\$ 380,000
Debt Service Fund						\$ 3,459,768		\$ 3,459,768
General Capital Func	\$ 68,000	\$ 792,000	\$ 360,000	\$ 338,700	\$ 262,400	\$ 68,000		\$ 1,889,100
Electric Fund			\$ 410,000	\$ 977,160	\$ 83,890,000			\$ 85,277,160
Gas Fund			\$ 400,000	\$ 14,874	\$ 27,410,000		\$ 237,000	\$ 28,061,874
Water Fund		\$ 50,000	\$ 85,000	\$ 93,218	\$ 9,557,000		\$ -	\$ 9,785,218
Sewer Fund			\$ 70,000	\$ 192,048	\$ 10,836,000		\$ 205,170	\$ 11,303,218
Stormwater			\$ 366,000		\$ 2,600,000	\$ 510,000	\$ 446,450	\$ 3,922,450
Total	\$ 17,649,000	\$ 17,380,480	\$ 3,428,000	\$ 2,917,055	\$ 143,182,870	\$ 7,037,768	\$ 2,654,640	\$ 194,249,813

Comparison of Revenues



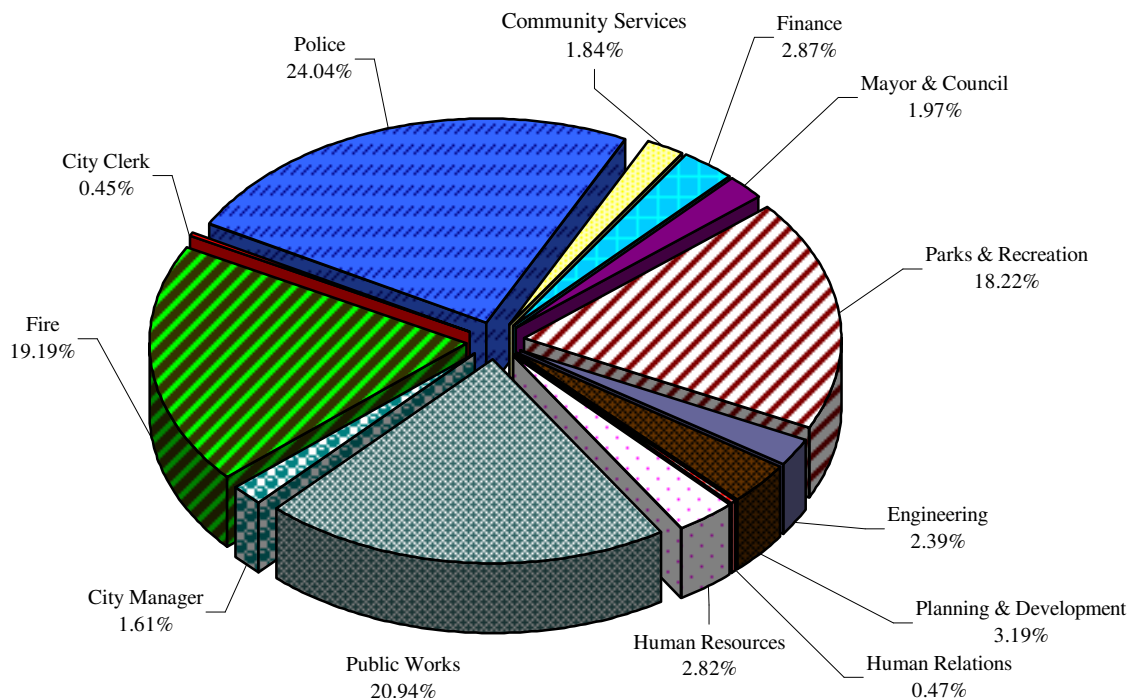
Charges for Service represent the largest share of the City's revenue due to utility sales for Gas, Electric, Water , Sewer and Stormwater. Revenues from Ad Valorem and Special District Taxes represent only 9.09% of the total budget.

Budget In Brief

General Fund Summary

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Mayor & Council	\$ 339,526	\$ 596,192	\$ 396,489	\$ 939,978
Community Services	\$ 661,125	\$ 727,010	\$ 608,010	\$ 877,229
City Clerk	\$ 197,912	\$ 221,732	\$ 220,593	\$ 214,693
City Manager	\$ 744,880	\$ 783,392	\$ 770,636	\$ 770,999
Human Resources	\$ 700,675	\$ 648,859	\$ 1,264,334	\$ 1,348,504
Human Relations	\$ 281,703	\$ 255,955	\$ 260,153	\$ 226,743
Finance	\$ 980,249	\$ 2,711,879	\$ 1,445,524	\$ 1,370,691
Police	\$ 10,514,165	\$ 11,224,275	\$ 10,920,604	\$ 11,487,593
Fire	\$ 8,698,152	\$ 9,331,223	\$ 9,274,610	\$ 9,172,331
Public Works	\$ 9,010,105	\$ 9,966,793	\$ 9,698,284	\$ 10,007,691
Engineering	\$ 1,091,175	\$ 1,213,451	\$ 1,105,915	\$ 1,144,323
Planning & Development	\$ 1,459,774	\$ 1,558,470	\$ 1,417,699	\$ 1,524,980
Parks and Recreation	\$ 6,352,672	\$ 7,161,618	\$ 6,992,693	\$ 8,708,870
Total	\$ 41,032,113	\$ 46,400,849	\$ 44,375,544	\$ 47,794,625

Expenditures by Department



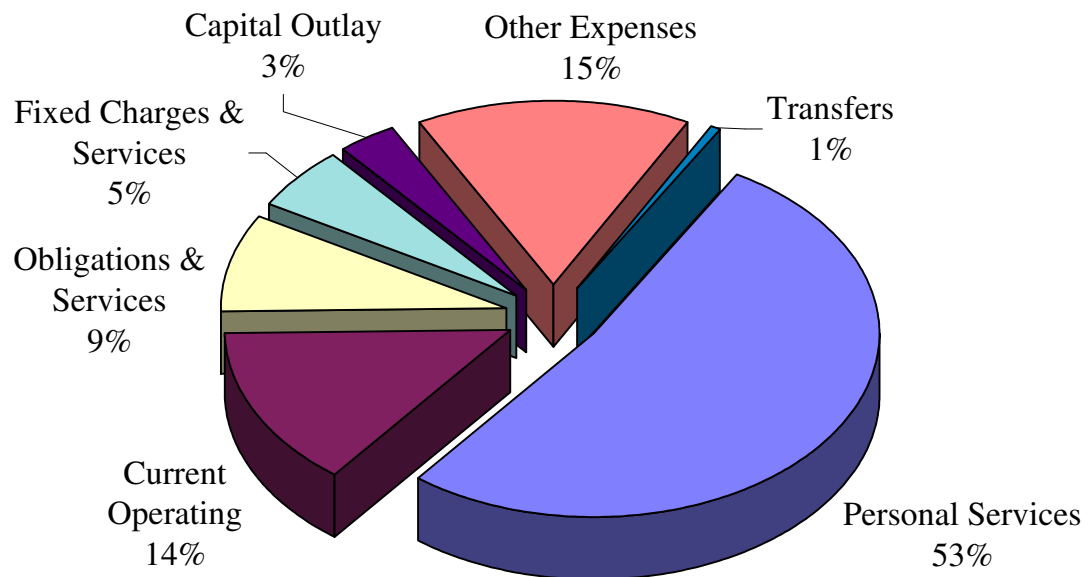
The General Fund Budget at \$47,794,625 represents an 3.3% increase over the FY05-06 Budget. Public Safety (Fire and Police) activities are 43.23% of the General Fund Budget. The Public Works Department is the next largest share at 20.94%.

Budget in Brief

General Fund Comparison of Expenditures

	Personal Services	Current Operating	Obligations & Services	Debt Service	Capital Outlay	Other Expenses	Transfers	Total
Mayor and City Council	\$ 399,828	\$ 553,250	\$ 724,700	\$ -	\$ 15,000	\$ (272,900)	\$ 397,329	\$ 1,817,207
Community Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Clerk	\$ 212,023	\$ 40,220	\$ 5,000	\$ -	\$ -	\$ (42,550)	\$ -	\$ 214,693
City Manager	\$ 895,299	\$ 115,250	\$ 21,400	\$ -	\$ 15,000	\$ (275,950)	\$ -	\$ 770,999
Human Resources	\$ 1,142,034	\$ 84,770	\$ 14,000	\$ -	\$ 2,000	\$ 105,700	\$ -	\$ 1,348,504
Human Relations	\$ 315,493	\$ 32,850	\$ -	\$ -	\$ 5,000	\$ (126,600)	\$ -	\$ 226,743
Finance	\$ 4,264,941	\$ 1,227,350	\$ 1,479,000	\$ 250,000	\$ 328,200	\$ (6,178,800)	\$ -	\$ 1,370,691
Police	\$ 9,968,938	\$ 897,905	\$ 96,150	\$ 159,500	\$ 365,100	\$ -	\$ -	\$ 11,487,593
Fire	\$ 7,945,131	\$ 747,300	\$ 12,000	\$ 312,100	\$ 155,800	\$ -	\$ -	\$ 9,172,331
Public Works	\$ 4,496,371	\$ 3,812,710	\$ 3,054,600	\$ 419,010	\$ 1,247,600	\$ (3,072,600)	\$ 50,000	\$ 10,007,691
Engineering	\$ 1,233,823	\$ 450,000	\$ 188,500	\$ 26,200	\$ 9,000	\$ (763,200)	\$ -	\$ 1,144,323
Planning & Development	\$ 1,395,630	\$ 123,350	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ 1,524,980
Parks & Recreation	\$ 3,692,965	\$ 1,851,255	\$ 300,780	\$ 2,591,870	\$ 249,000	\$ 23,000	\$ -	\$ 8,708,870
Total	\$ 35,962,476	\$ 9,936,210	\$ 5,902,130	\$ 3,758,680	\$ 2,391,700	\$ (10,603,900)	\$ 447,329	\$ 47,794,625

Expenditures by Type



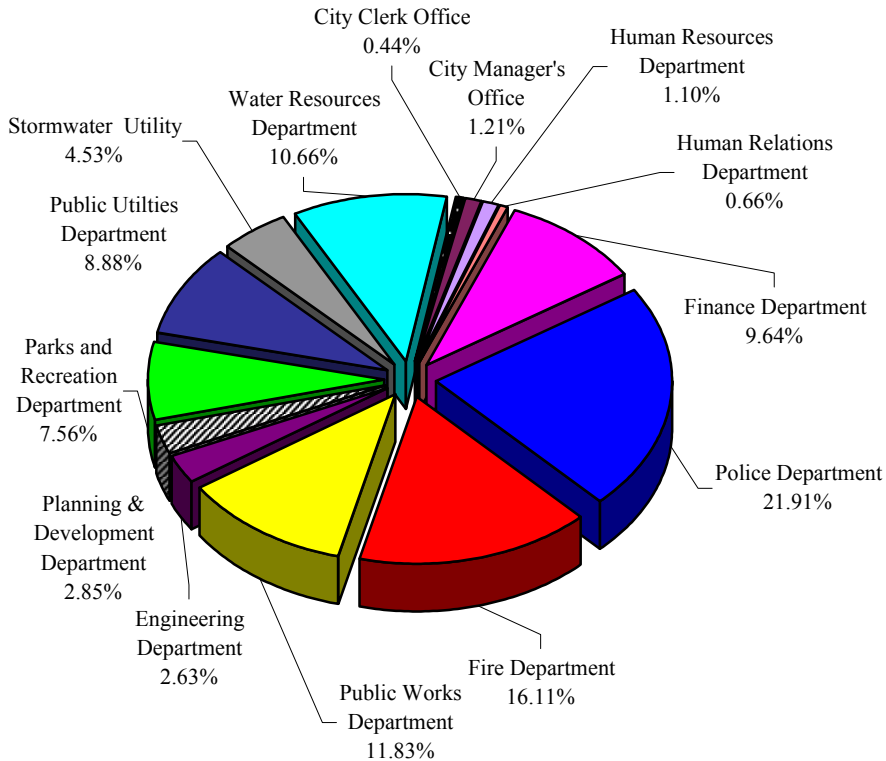
In the General Fund, the largest category of expenditures is Personal Services at 53%. The other two large categories are Current Operating and Other Expenses. Other Expenses represent the reimbursement from the utilities for services performed by the General Fund operations and charges for fleet maintenance services to all departments including those in the general fund.

Budget Overview

Positions by Department

	2004-05	2005-06	2006-07	
	Budget	Budget	Budget	Change
Department				
City Clerk Office	4	4	4	0
City Manager's Office	11	11	11	0
Human Resources Department	10	10	10	0
Human Relations Department	4	6	6	0
Finance Department	81	80	88	8
Police Department	200	200	200	0
Fire Department	146	147	147	0
Public Works Department	108 1/6	108 1/6	108	- 1/6
Engineering Department	25	25	24	-1
Planning & Development Department	26	26	26	0
Parks and Recreation Department	64	67	69	2
Public Utilities Department	79	81	81	0
Stormwater Utility	39 1/2	40 1/7	41 1/3	1 1/6
Water Resources Department	97 1/3	97 1/3	97 1/3	0
Total	895	902 2/3	912 2/3	10

Positions by Department



Budget Development

The development of the City of Rocky Mount's budget takes place over a six month period during which the Five Year Capital Improvement Program (CIP) and the annual operating budget are prepared and submitted to the City Council. These two components are vital to the preparation of a budget that will fulfill the needs of the City.

Each year a calendar is designed to provide a framework within which the interaction necessary to formulate a sound budget occurs. At the same time, it ensures that the City will comply with all applicable State and Federal legal mandates.

Capital Improvement Program

The Capital Improvement Program (CIP) process begins in December when the departments formulate their capital project requests. The departments review their previously submitted and approved requests, revising and updating the project description, cost estimates and timing based on current information. Departments submit new projects, including cost estimates, scheduling and funding alternatives, for inclusion in the CIP.

Concurrently, with the preparation of the CIP requests, the Budget Manager and Finance Director collect and analyze the financial information necessary to determine the resources available in the coming years. The Budget Manager is also available to aid departments' staff in their preparation of the CIP requests.

After the compilation of the CIP requests, the Finance Director, Budget Manager, Assistant City Managers and City Manager review the capital projects. Projects are reviewed relative to community needs and proposed funding. Projects are evaluated in terms of their priority, urgency and benefit in relation to all other projects, with the current and projected fiscal resources in mind. This review, along with the knowledge of available funding, forms the basis of the programs recommended by the City Manager to the City Council. The decision on funding for capital projects is based on the merits of a particular project balanced with the availability of funding.

After deliberation and agreement by the City Council, the CIP is used in the development of the annual operating budget. The first year of the CIP provides guidelines for, and ultimately reflects the Capital Budget with the following four years becoming the Capital Improvement Program.

The Capital Budget is incorporated into the City Manager's recommended annual budget that is subsequently reviewed and adopted by the City Council. By agreeing to the Capital Budget, the City Council does not actually commit to expenditures or appropriations, even in the first year. The City Council, during its annual budget review and approval process in May and June, will approve those recommended capital projects it deems appropriate.

Budget Development

Annual Operating Budget

The City of Rocky Mount's formal operating budget process begins in February of each year. The budget preparation process provides an opportunity to examine operations, propose changes in current services, recommend revisions in organization and methods, and outline requirements for capital outlay items. This process commences with the completion of the Capital Improvement Program.

In February, the Budget Manager disseminates the Budget Development Manual. This manual contains all of the information necessary for the development of the operating budget. Included within the manual are financial guidelines, work plan instructions, example formats and the budget calendar and meetings schedule.

The Budget and Evaluation Manager works closely with City departments to assist with the formulation of their budget requests for the coming year. In addition to their financial requests, departments are asked to formulate work plans composed of accomplishments, initiatives and performance indicators.

Upon the completion of their requests, departments submit the budget package to their respective Assistant City Manager and the Budget Manager. Over the following weeks, the Budget Manager, Finance Director, Assistant City Manager and City Manager review budgets and estimated revenues and make necessary adjustments to achieve a balanced budget.

The City Council receives the recommended budget in May and reviews the recommendations. During these meetings, significant changes in the budget, additions or deletions will be highlighted for the City Council. Finally, the City Council will hold a public hearing to solicit citizen input on the budget, its priorities and funding components, and adopt the final budget.

Budget Revisions

Periodically throughout the year, the budget may require changes. The City Manager may authorize any budget amendments from within any one fund. These budget transfers are reviewed by the Budget and Evaluation Manager and designated Assistant City Manager.

Amendments calling for transfers between two or more funds, the recognition of additional revenue or the appropriation of fund balance require the approval of the City Council. Changes such as these take place infrequently throughout the year.

Budget Development

CIP AND BUDGET SCHEDULE FY 2006-07

November 14	CIP worksheets to departments.
December 14	Departments CIP requests due.
January 3-6	CIP Review Meetings with Assistant City Manager and staff.
January 9-13	CIP Review Meetings with City Manager, Assistant City Manager, Budget Departments
January 17	Review Current Year Revenues/Expenses
January 18-27	CIP requests and estimate revenues matched, reviewed and consolidated into CIP budget. City Manager reviewing of CIP.
January 31	CIP completed.
February 6	Budget letter, calendar and information packet to departments. Budget preparation material to outside agencies requesting City funding.
February 16	MUNIS Budget worksheets Opened and available.
March 19	All Department requests submitted to Budget Manager.
March 22-26	Budget reviews with Budget Manager and Assistant City Manager.
March 29-Apr 2	Budget reviews with City Manager, Assistant City Managers, Finance Director and Budget Manager.
April 5- 31	Departmental budget requests and estimated revenues reviewed and adjusted to permit preparation of balanced budget. Budget finalized; document prepared.
May 10	Proposed budget submitted to Council.
May 17, 18, 19	Council work sessions on budget beginning at 4:00 p.m.
May 24	City Council Meeting; Public hearing on budget.
June 7	City Council Meeting; Budget adopted.
June 28	Adopted budget distributed to departments.
July 1	Budget implementation.
August 15	Final budget presentation published.

Financial Policies and Strategies

The City of Rocky Mount's financial policies and strategies are the framework for the budgetary and fiscal management of the city's resources. Below, are the financial practices, which are related to the development and adoption of the City of Rocky Mount's Operating Budget. These policies and strategies represent long-standing principles, traditions and practices and most importantly are guided by the North Carolina Local Government Budget and Fiscal Control Act.

Operating Budget:

The development of the budget is guided by the following budget policies:

- ◆ In compliance with State Statutes, the City Council adopts an annual balanced budget ordinance for all governmental and enterprise funds except funds authorized by project ordinances. An ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.
- ◆ The budget ordinance shall cover a fiscal year beginning on July 1 and ending on June 30.
- ◆ No later than June 1, the City Manager shall submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1 through June 30. The submitted operating budget shall include proposed expenditures and revenues as well as a budget message to explain the organization goals as supported by the budget and major changes in fiscal policy.
- ◆ The City shall place a copy of the budget in the City Clerk's office making it available for public inspection and provide public notice of the time and place of the public hearing. Before adopting the budget, the City Council shall conduct a public hearing to allow comment on the proposed budget.
- ◆ By June 30 of each year, the City Council shall adopt the budget through a budget ordinance making appropriations and levying taxes. The ordinance shall make appropriations by department and show revenues by major source.

Capital Improvement Program:

- ◆ The City shall annually review and develop a Capital Improvement Program to present the long-range development of the City's public improvements.
- ◆ After reviewing and analyzing the requests submitted by the Department Heads, the City Manager shall present to the City Council a plan, which proposes the development, acquisition, replacement or renovation of these public improvements.
- ◆ A Capital Improvement is defined as a physical asset constructed or purchased that has a minimum useful life of three (3) years and a minimum cost of \$50,000.
- ◆ Upon agreement of the City Council, the first year of the CIP is incorporated into the Operating Budget as the Capital Budget.
- ◆ The City Council will adopt the Capital Budget during its review and approval of the operating budget in May or June.

Financial Policies and Strategies

Debt Service Requirements:

- ◆ The City must adhere to the provisions of General Statutes Chapter 159 North Carolina Local Government Budget and Fiscal Control Act and the Local Government Commission, which govern the issuance, and payment of long-term debt for cities.
- ◆ The North Carolina General Statutes 159-55(c) limits the City's net debt to 8% of the appraised value of property subject to taxation within the City.
- ◆ Currently, the City has no debt applicable to the debt limitation.
- ◆ Typically, the City has opted to use General Obligation Debt to fund the acquisition and construction of major capital facilities for the Enterprise Funds.
- ◆ The repayment of these general obligation bonds are budgeted in the Debt Service Fund along with the city contribution to the Nash-Rocky Mount Board of Education.

Special Project Ordinances:

- ◆ Certain special funds are budgeted under project ordinances, which span more than one fiscal year. These project ordinances are controlled by the development of the project, and project appropriations continue until the project is complete. These funds are not subject to the annual budget requirements.
- ◆ The City Council adopts these project ordinances throughout the fiscal year as necessary.

Reserves

- ◆ The North Carolina Local Government Commission prescribes that at a minimum a municipality should maintain available fund balance of at least 8 percent of annual General Fund expenditures. Each municipality should also accumulate an additional reserve for emergencies or unforeseen needs. In determining what is an adequate level of fund balance, a municipality should compare its own level of fund balance to that of municipalities of similar population size and to statewide averages.
- ◆ To that end, the City of Rocky Mount has established target fund balance levels for the General Fund, General Capital Fund, Powell Bill Fund and each of the Utility Funds. These levels provide the optimum amount for fund balance needed for each operation.

Revenues:

- ◆ The City shall maintain diverse and stable revenues to minimize the effects of economic fluctuations.
- ◆ Revenues are conservatively forecasted based on a review of historic collections, anticipated changes in type of legal requirements and percentage change over time.
- ◆ The City shall review fees and charges annually and make necessary modifications based on cost of service and cost recovery.

Financial Policies and Strategies

Transfers:

In order to preserve the financial integrity of the Enterprise Funds (Electric, Gas, Water, Sewer, and Stormwater) and to reduce the General Fund's dependence on Enterprise Fund transfers to a level supportable by prudent business practices, the City has developed a policy on Utility Fund transfers. This policy states that:

- ◆ The City shall receive a payment in lieu of taxes amount from the enterprise funds to the General Fund that approximates the amount of Ad Valorem taxes that would have been paid had utility services been provided by an investor-owned utility. The payment in lieu of taxes shall be reported as an expense of the Enterprise Fund and as revenue of the General Fund.
- ◆ The City may budget annually a Reserve in each Enterprise Fund for Rate Stabilization or Operating purposes in an amount equal to a percentage of annual gross utility sales.
- ◆ The City may budget annually an operating transfer from the Enterprise Funds to the General Fund to provide the General Fund with a return on investment. Normally, the operating transfer shall be subject to the following conditions:
 - ◇ Electric Fund - the amount transferred shall not exceed 3% of the gross fixed assets.
 - ◇ Gas Fund - the amount transferred shall not exceed 75% of the Income before Transfers.
 - ◇ Water Fund - the amount transferred shall not exceed 50% of the Income before Transfers.
- ◆ In the event of an emergency, or unforeseen special need, the amount to be paid from the Enterprise Fund under this resolution may be increased or reduced upon approval by a simple majority of the City Council.

Investments:

The City has established an Investment Policy to provide safe and responsible guidelines for the investment of idle funds in the best interest of the public while fully maximizing the rate of return.

- ◆ Safety of capital is regarded as the highest priority in the handling of investments for the City. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.
- ◆ The City's investment portfolio must be structured in such a manner that will provide sufficient liquidity to pay all obligations as they become due. No investment shall have maturities greater than 36 months.
- ◆ The City seeks to optimize return on investments within the constraints of safety and liquidity. The investment portfolio shall be designed with the annual objective exceeding the average return on the N.C. Capital Management Trust Fund.
- ◆ Investments of the city must conform with investments authorized pursuant to N.C. General Statutes 159.30.

Fund Structure

The budgeting/accounting policies of the City of Rocky Mount conform to generally accepted accounting principles (GAAP) applicable to governmental units.

Basis of Budgeting

All funds of the City are budgeted and accounted for during the year on the modified accrual basis in accordance with State statutes. Under the modified accrual basis, revenues are recognized in the accounting period in which they become measurable and available to pay the liabilities of the current period. Generally, expenditures are recorded in the accounting period in which a fund liability is incurred, if measurable. Principal and interest on general long term debt and vacation and sick pay are recognized as expenditures when paid. Budgeting is done on a modified accrual basis – only revenues and expenditures anticipated during the year are included.

Fund Accounting

The accounts of the City are organized and operated on the basis of funds or account groups. A fund or account group is an independent fiscal and accounting entity with a self-balancing set of accounts, recording its assets, liabilities, fund equity/retained earnings, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with the requirements of law.

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another funds. The fund's primary revenue sources are ad valorem taxes and intergovernmental revenues. The fund's primary expenditures are for general government, public safety, public works and parks and recreation.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for specific purposes. The City has seven Special Revenue Funds: Entitlement Grant Fund, Emergency Management Fund, Public Transportation Grants Fund, Crime/Safety Fund, Powell Bill Grant Fund, Economic Development Fund, and Emergency Telephone System Fund. Those subject to annual appropriation include:

- a. **Powell Bill Grant Fund** accounts for monies received from the state derived from a per gallon motor fuel tax. The local government allocation is based on local street mileage and population. Expenditures from this fund are restricted to specific highway and street construction and maintenance.

Fund Structure

- b. **Emergency Telephone System Fund** accounts for monies received from the local telephone company from a monthly charge to telephone subscribers. Expenditures from this fund are restricted to specific purchase and maintenance of emergency telephone equipment.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. **General Capital Projects Fund** is used to account for construction of various City projects to improve City parks and facilities and is the only Capital Projects fund subject to annual appropriation.

Enterprise Funds - The Enterprise Funds are used to account for those operations (a) that are financed and operated in manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds subject to annual appropriation are:

- a. **Electric Fund** is used to account for electric utility operations.
- b. **Gas Fund** is used to account for gas utility operations
- c. **Water Fund** is used to account for water utility operations
- d. **Sewer Fund** is used to account for sewer utility operations
- e. **Stormwater Fund** is used to account for stormwater utility operations

Agency Fund - The Agency fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds include: Canteen and Miscellaneous Fund, and Enhanced 911 Fund. The Canteen and Miscellaneous fund is used to account for funds generated from vending machines and other special projects and is subject to annual appropriation.

Internal Service Fund - The Internal Service fund is used to account for intergovernmental services or any shared type service. The City has one internal service fund established to manage the City's self insurance revenue and expenditures. The Internal Service fund has an annual financial plan. It is not part of the annual appropriated budget.

Budget Document

A budget is a formal document that enables the City to plan for the future, measure the performance of city services, and help the public to understand where the revenues come from and how those revenues are spent on city services. Thus, the budget serves many purposes and addresses different needs depending on the “audience”; whether the audience is City staff, Federal and State regulatory authorities, other local governments, or taxpayers and City residents.

The purpose of this budget document is to present to the public and City Council a comprehensive picture of proposed operations for the budget year. This document is organized into several sections that are explained below:

- A. The first section provides an overview and review of the budget. Included within this section is the Budget Message from the City Manager and budget summaries
- B. The second is the Budget Guide which includes department information on the budget process, tax requirements and restrictions, revenue assumption and financial policies.
- C. The next several sections explain those portions of the total city operating budget for city departments and the services, programs and activities.
- D. The final sections provide statistical information about the City.

Workplan Development

At the start of the budget process each department is asked to prepare a *work plan*. The *work plan* consists of a *mission statement* for the department and a *statement of purpose, accomplishments, new year initiatives* and *workload indicators* for each division.

The departmental *mission statement* is intended to represent the fundamental reason for the organization’s existence. The *statement of purpose* describes the unique contribution of the division to the city government and/or citizens receiving services. The *statement of purpose* provides a framework within which a division operates and expresses the end to which resources are directed.

Departments were also asked to review their divisional *accomplishments* and *new year initiatives*. *Accomplishments* are brief statements that highlight activities of the current year. These activities may include changes in operations, new programs, or increased emphasis that has resulted in some type of improved performance of a division. *New initiatives* are specific activities or plans that will cause improvements in productivity, efficiency, or service delivery and which each division plans to obtain in the forthcoming year. These *new initiatives* focus on significant adjustments to basic and continuing services. *Initiatives* must be concrete, specific, attainable and consistent with available resources. Each of these was prepared at the division level. The intent of the accomplishments and new initiatives is to address the activities of the unit in a narrative form.

Finally, each department included a list of performance indicators. During the last year, each department has worked to develop a set of performance measures for each service performed. While these measures are still in their infancy, each department included measures for which data existed. It is the City’s intent to expand the use of performance measures.

Budget Overview

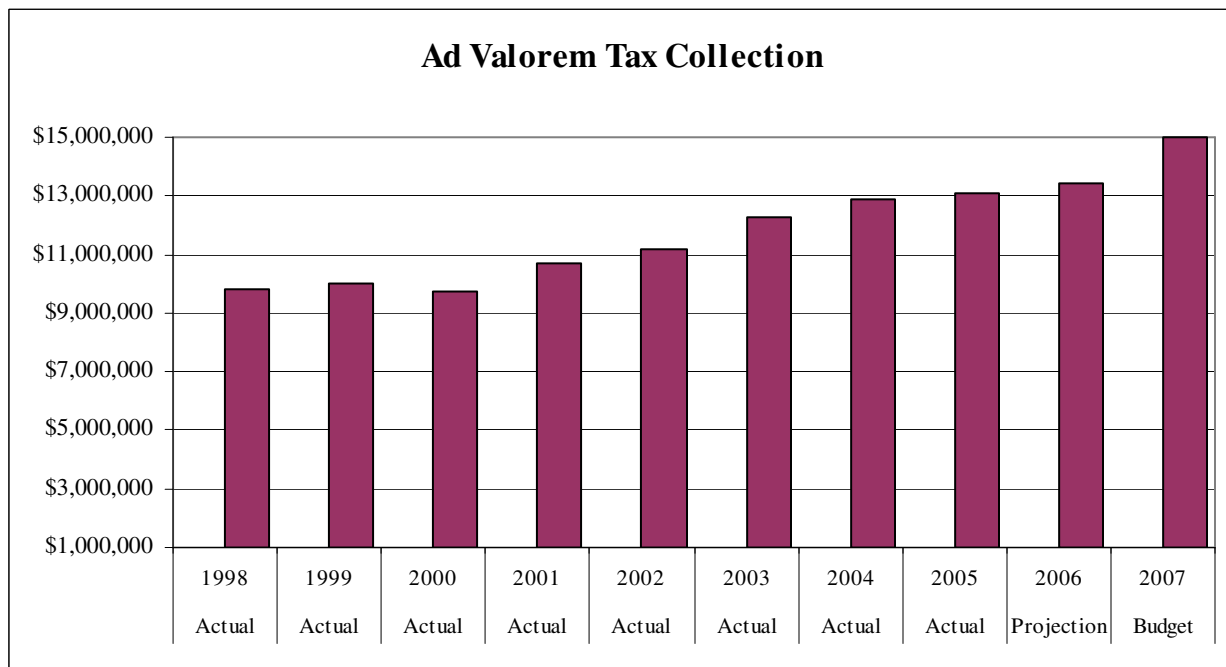
Review of Selected Revenues

Revenues are estimated using a variety of methods and factors. The estimates were prepared using actual prior year amounts, projected collections for FY 05-06, and trend analysis. Other factors were evaluated to determine their effect on the revenue amounts. These include anticipated changes in type or legal requirements of particular revenue, review of general economic conditions and analysis of the trends and conditions affecting particular revenue. Below, is a review of basic revenue groups and specific revenue types within each group.

Ad Valorem Tax

These revenues are all those collected based on the City of Rocky Mount's levy. These include Inventory Tax, Property or Ad Valorem Tax, Vehicle Tax and Tax Penalties.

Ad Valorem Tax is based on the property valuation as determined by the Nash and Edgecombe County Tax Assessors with the City's levy of \$.55 per \$100 of valuation. Historically, the City has collected an average of 96.9% of the levied tax.



In Lieu of Tax is a payment from an Enterprise Fund that approximates the amount of ad valorem tax that would have been paid had utility service been provided by an investor-owned utility. The In Lieu Tax payment amount is calculated based on the gross fixed assets of the Enterprise Funds as reported in the City's most recent audited financial statement and the current tax rate. This In Lieu of Tax payment is required under the City's Utility Transfer Policy.

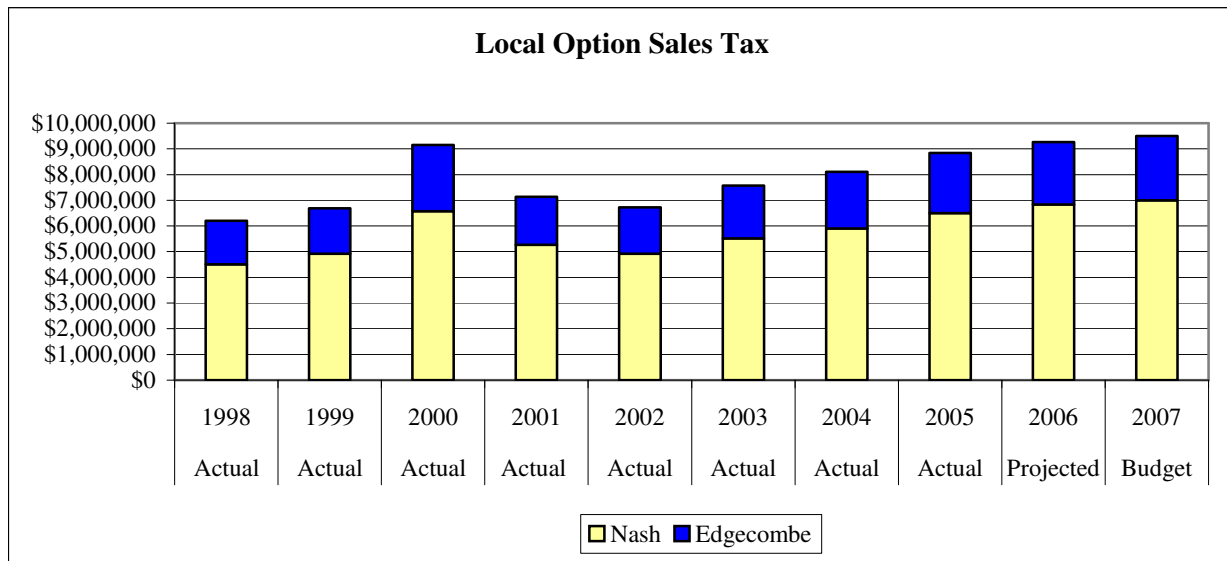
Income from Other Governments

These revenues are those received from other governmental units. Among these revenues are local option sales tax, franchise tax, beer and wine tax, Powell Bill proceeds and State and Federal Grants.

Budget Overview

Review of Selected Revenues

Local Option Sales Tax is collected by authority of the General Statutes by both Nash and Edgecombe Counties. Previously, the two half cent sales tax portions were dedicated to water and sewer system improvements. This dedication requirement has expired and all Local Option Sales Tax is now budgeted in the General Fund or the General Capital Fund. On an annualized basis, Local Option Sales Tax is estimated to increase 4.5% in FY 2006-07.



The State of North Carolina levies a **franchise tax** on electric, and natural gas service provided within the city limits of each City. This Franchise Tax is remitted back to the city from the state in quarterly payments. Due to its link to utility sales, this revenue is very sensitive to the weather. The City is projecting Franchise Tax to increase 3% for FY 2006-07. Along with this revenue is a new tax on telecommunication service. There is no expected growth in the telecommunications tax.

Powell Bill revenues are received from the State of North Carolina's gasoline tax. The funds are used for street and sidewalk construction and maintenance purposes as well as drainage improvements. The State of North Carolina has previously used funds from the Highway Trust Fund to balance the State budget, reducing funds available to local governments, but no similar action is expected this year. The City is projecting to receive an estimated \$1,792,380 in Powell Bill funds.

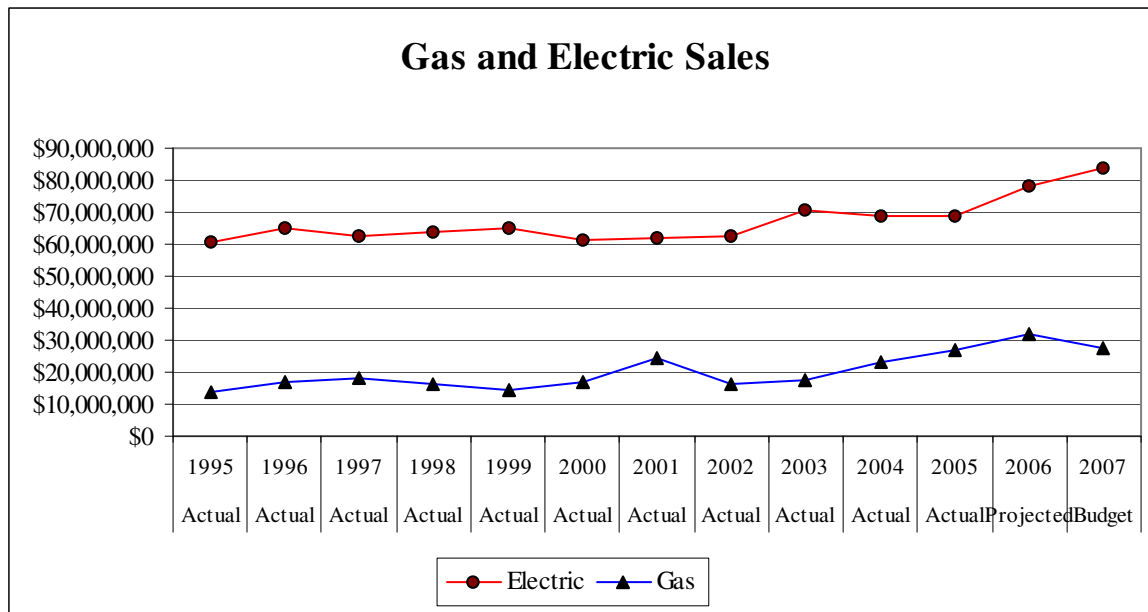
Charges for Services

These revenues include electric, gas, water, sewer and stormwater service revenues as well as building permit recreation fees and solid waste disposal monthly service charges.

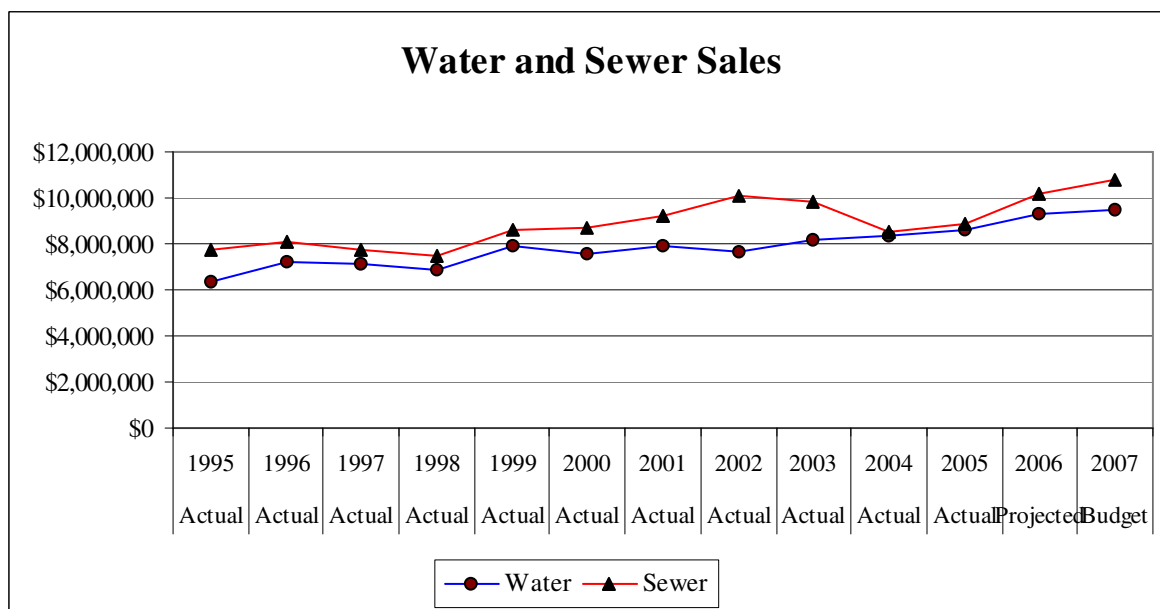
Budget Overview

Review of Selected Revenues

Electric and Gas sales revenues are particularly difficult to forecast, as they are highly sensitive to the weather. These two utilities have seen system growth as evidenced by a five-year average growth of 1.4% in electric meters and 4% in gas meters. However, the City lost some large utility customers in the past few years. Considering demand and the cost of purchased energy, the budget includes utility sales of \$83,500,000 in the Electric Fund and \$27,400,000 in the Gas Fund.



Water and Sewer sales are also difficult to predict due to several plant closings that were large customers. This year, the budget includes no water rate increase and a sewer rate increase of 5%, that, when included in the estimates, yield projected water sales of \$9,470,000 and sewer sales of \$10,812,000.



Budget Overview

Review of Selected Revenues

Transfers from Other Funds

These are amounts that are transferred from one City fund to another. Below is an explanation of significant transfers.

An **Operating Transfer** is made by each enterprise fund (Electric, Gas, Water and Sewer) to the General Fund to represent a return on the investment of the utility. Typically, these transfers are made within the following guidelines:

- Electric Fund -- the amount transferred shall not exceed 3% of the gross fixed assets.
- Gas Fund -- the amount transferred shall not exceed 75% of the Income before Transfers
- Water Fund -- the amount transferred shall not exceed 50% of the Income before transfers.

Finally, the enterprise funds make **transfers** to the **Debt Service Fund** to cover the City's long term debt payments as well as the payments to the Nash-Rocky Mount Board of Education as a result of consolidation.

Other Revenues

Other Revenues include interest income, lease purchase proceeds, assessments, privilege licenses and revenues not classified above. Each of these revenues is evaluated individually and forecasted using a review of actual amounts, trend analysis and information on growth and changes in billing or collection method.

Fund Balance Appropriated

The appropriation of fund balance is necessary to balance projected revenues and expenditures. The level of appropriation is determined by the difference between recommended expenditures and estimated revenues for the upcoming fiscal year. The amount of appropriated fund balance changes from year to year.

Revenue

General Fund

Revenues by Types	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Ad Valorem Taxes	\$ 13,059,760	\$ 13,350,000	\$ 13,440,000	\$ 14,980,000
Taxes Levied - Prior Year	\$ 296,210	\$ 300,000	\$ 320,000	\$ 330,000
Vehicle Taxes	\$ 1,878,102	\$ 1,900,000	\$ 1,880,000	\$ 2,085,000
Tax Penalty	\$ 177,393	\$ 150,000	\$ 155,000	\$ 160,000
Animal Tax	\$ 25,384	\$ 40,000	\$ 25,500	\$ 26,000
Tax Revenues - Total	\$ 15,436,849	\$ 15,740,000	\$ 15,820,500	\$ 17,581,000
Taxes - Payment in Lieu Tax	\$ 1,009,865	\$ 1,024,200	\$ 1,024,200	\$ 1,145,500
Taxes - Franchise Tax CATV	\$ 483,383	\$ 500,000	\$ 479,300	\$ 479,300
Taxes - Housing Authority	\$ 8,254	\$ 35,000	\$ 40,000	\$ 35,000
Rental Vehicle Tax	\$ 48,602	\$ 50,000	\$ 46,000	\$ 46,000
Federal Grant - Highway Administration	\$ 149,411	\$ 140,000	\$ 108,000	\$ 117,900
Federal Grant - FEMA	\$ 243,062	\$ -	\$ -	\$ -
NCDOT Revenue	\$ 262,323	\$ 50,000	\$ 50,000	\$ -
State Grant - Mosquito	\$ 2,113	\$ 8,086	\$ 8,086	\$ 8,100
State Grant - Swift Water Rescue	\$ -	\$ 29,898	\$ 26,897	\$ -
Local Option Sales Tax - Nash	\$ 6,242,507	\$ 6,455,000	\$ 6,400,000	\$ 6,628,600
Local Option Sales Tax - Edgecombe	\$ 2,241,974	\$ 2,265,000	\$ 2,270,000	\$ 2,358,400
Wine and Beer Tax	\$ 248,474	\$ -	\$ 254,680	\$ 260,000
ABC - Nash	\$ 38,707	\$ 35,000	\$ 35,000	\$ 35,000
ABC - Edgecombe	\$ 5,094	\$ 12,000	\$ 5,000	\$ 5,000
Franchise Tax	\$ 1,673,395	\$ 1,925,000	\$ 1,790,000	\$ 1,840,000
Telecommunications Sales Tax	\$ 690,000	\$ 700,000	\$ 615,000	\$ 600,000
State Court Facility - Nash	\$ 95,814	\$ 120,000	\$ 95,000	\$ 95,000
State Court Facility - Edgecombe	\$ 57,194	\$ 70,000	\$ 59,000	\$ 60,000
State Court Officer - Nash	\$ 25,030	\$ 25,000	\$ 25,000	\$ 25,000
State Court Officer - Edgecombe	\$ 7,080	\$ 9,000	\$ 7,000	\$ 7,000
Jail Fee - Nash & Edgecombe	\$ 75	\$ 1,200	\$ -	\$ -
KAB Local Share	\$ 30,971	\$ 35,000	\$ 36,300	\$ 36,300
Housing Authority Police Reimbursement	\$ 38,541	\$ 50,000	\$ 27,500	\$ 28,000
Nash-Rocky Mt Schools - Resouce Officer	\$ 177,687	\$ 170,000	\$ 178,000	\$ 183,000
Traffic Maintenance Charge	\$ 241,113	\$ 184,000	\$ 186,000	\$ 200,000
Sales and Use Tax - Refund	\$ 38,239	\$ 35,000	\$ 35,000	\$ 35,000
Intergovernmental Revenues - Total	\$ 14,058,908	\$ 13,928,384	\$ 13,800,963	\$ 14,228,100
Privilege Fee	\$ 82,883	\$ 100,000	\$ 96,900	\$ 98,000
License Fee - Motor Vehicles	\$ 227,225	\$ 230,000	\$ 194,000	\$ 198,000
Fire Permit Fees	\$ -	\$ 90,000	\$ 92,000	\$ 97,000
License and Permits	\$ 681,233	\$ 725,000	\$ 683,585	\$ 678,000
Licenses and Permits - Total	\$ 991,341	\$ 1,145,000	\$ 1,066,485	\$ 1,071,000
Citation Fee - Housing	\$ 114,958	\$ 110,000	\$ 140,000	\$ 120,000
Citation Fee - Leash Law Violation	\$ 5,201	\$ -	\$ -	\$ -
Citation - Safe Light	\$ 268,151	\$ -	\$ 146,200	\$ 194,400
Citation Fee - Parking	\$ 6,320	\$ 6,500	\$ 6,500	\$ 6,500
Police Fees	\$ 4,952	\$ -	\$ 4,964	\$ -
Other - Animal Shelter	\$ 10,217	\$ 14,000	\$ 15,000	\$ 15,000
Fire Protection	\$ 1,436	\$ 1,000	\$ 5,490	\$ 5,400
Hydrant Repair	\$ 7,029	\$ 5,000	\$ 7,025	\$ 7,000
Hazard Spill Cleanup Fees	\$ 5,051	\$ 5,000	\$ -	\$ -
Expense Recovery/Miscellaneous	\$ 4,029	\$ -	\$ 8,709	\$ -
Recreation Revenue	\$ 352,559	\$ 670,000	\$ 466,397	\$ 812,350
Dumpster Service	\$ 527,808	\$ 720,000	\$ 670,000	\$ 800,000
Roll Out Cart Service	\$ 1,759,872	\$ 1,960,000	\$ 1,875,000	\$ 2,100,000
Transfer Station Fee	\$ 1,677,642	\$ 3,200,000	\$ 2,177,000	\$ 2,388,000
Recycling Fees	\$ 310,206	\$ 309,000	\$ 309,000	\$ 372,000
Weed Control Service	\$ 101,425	\$ 95,000	\$ 95,000	\$ 95,000

Revenue

Public Works Extra Pickup Fee	\$	264	\$	-	\$	576	\$	-
Fee - Finger Prints	\$	4,730	\$	4,000	\$	5,000	\$	5,000
Cemetery - Burial	\$	142,228	\$	150,000	\$	134,000	\$	130,000
Cemetery - Lots	\$	35,900	\$	40,000	\$	40,000	\$	40,000
Reconnection Fees	\$	266,281	\$	240,000	\$	273,000	\$	280,000
Parking	\$	10,760	\$	13,000	\$	9,936	\$	9,820
Train Station Expense Recovery	\$	59,886	\$	60,000	\$	60,000	\$	60,000
Sales - Material	\$	40,254	\$	20,000	\$	41,500	\$	41,000
Sale of Fixed Assets	\$	74,150	\$	75,000	\$	58,500	\$	75,000
Sales & Service - Total	\$	5,791,309	\$	7,697,500	\$	6,548,797	\$	7,556,470
Interest	\$	411,070	\$	360,365	\$	550,000	\$	500,000
Interest & Penalties	\$	21,784	\$	20,000	\$	18,500	\$	20,000
Investments - Total	\$	432,854	\$	380,365	\$	568,500	\$	520,000
Assessments - Demolition	\$	37,232	\$	80,000	\$	40,000	\$	40,000
Contributions - CATV	\$	-	\$	-	\$	35,000	\$	25,000
Contributions - Friends	\$	1,074	\$	-	\$	150	\$	250
Contributions	\$	-	\$	15,000	\$	14,500	\$	5,000
Sponsorship	\$	199	\$	-	\$	1,000	\$	11,500
Insurance Settlements	\$	19,828	\$	-	\$	11,700	\$	11,700
Indirect Cost Recovery	\$	6,186	\$	-	\$	605	\$	-
Rents - Building	\$	28,756	\$	6,600	\$	30,600	\$	33,600
Rents - BTW	\$	3,343	\$	3,500	\$	3,343	\$	3,300
Rents - Mohasco	\$	117,996	\$	118,000	\$	118,000	\$	118,000
Rents - REA	\$	8,253	\$	19,200	\$	-	\$	3,600
Rents - Region L	\$	33,700	\$	32,400	\$	33,600	\$	33,600
Rents - Judicial Center	\$	33,077	\$	33,600	\$	33,600	\$	33,600
Rents - Transit	\$	21,504	\$	21,500	\$	21,504	\$	21,500
Rents - Lots	\$	65	\$	-	\$	65	\$	-
Rents - Train Station	\$	57,712	\$	50,000	\$	55,000	\$	55,800
Rent - Equipment	\$	1,607	\$	-	\$	7,250	\$	6,100
Rent - Sports Complex	\$	-	\$	-	\$	-	\$	5,000
Telephone Commissions	\$	910	\$	1,000	\$	500	\$	-
Other - Excess Utility Tax	\$	297,053	\$	365,000	\$	380,000	\$	400,000
Return Check Fees	\$	1,967	\$	-	\$	2,000	\$	2,000
Miscellaneous Revenues	\$	96,073	\$	90,000	\$	429,765	\$	106,705
CHAF Program Income	\$	-	\$	-	\$	4,775	\$	-
Entitlement Program	\$	273,684	\$	364,500	\$	308,256	\$	334,800
Miscellaneous - Total	\$	1,040,219	\$	1,200,300	\$	1,531,213	\$	1,251,055
Interfund Transfers	\$	2,297,505	\$	2,449,000	\$	2,330,000	\$	3,000,000
Transfers - Total	\$	2,297,505	\$	2,449,000	\$	2,330,000	\$	3,000,000
Leases	\$	-	\$	1,633,000	\$	1,103,000	\$	1,087,000
Leases - Total	\$	-	\$	1,633,000	\$	1,103,000	\$	1,087,000
Fund Balance Appropriated	\$	-	\$	2,227,300	\$	-	\$	1,500,000
Fund Balance Appropriated - Total	\$	-	\$	2,227,300	\$	-	\$	1,500,000
TOTAL GENERAL FUND REVENUES	\$	40,048,985	\$	46,400,849	\$	42,769,458	\$	47,794,625

Revenue

Powell Bill Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Powell Bill Grant	\$ 1,779,375	\$ 1,870,000	\$ 1,771,160	\$ 1,792,380
Interest Income	\$ 75,062	\$ 75,000	\$ 100,000	\$ 100,000
Assessment - Streets	\$ 95,148	\$ 80,000	\$ 43,500	\$ 50,000
NCDOT Revenue	\$ 315,435	\$ 250,000	\$ -	\$ 168,000
Miscellaneous - Shared Cost Refunds	\$ -	\$ -	\$ -	\$ -
Transfers	\$ -	\$ 25,000	\$ -	\$ -
Fund Balance Appropriated	\$ -	\$ 2,005,036	\$ -	\$ 266,020
Total	\$ 2,265,020	\$ 4,305,036	\$ 1,914,660	\$ 2,376,400

E-911 Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Interest	\$ 16,267	\$ 15,000	\$ 30,000	\$ 30,000
E-911 Revenue	\$ 355,465	\$ 354,000	\$ 350,000	\$ 350,000
Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -
Total	\$ 371,732	\$ 369,000	\$ 380,000	\$ 380,000

Debt Service Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Contributions - Electric	\$ 132,195	\$ 656,470	\$ 656,470	\$ 894,850
Contributions - Gas	\$ 31,727	\$ 175,058	\$ 175,058	\$ 238,626
Contributions - Water	\$ 1,096,202	\$ 1,072,657	\$ 1,072,657	\$ 1,036,487
Contributions - Sewer	\$ 1,431,131	\$ 1,358,545	\$ 1,358,545	\$ 1,289,805
Total	\$ 2,691,255	\$ 3,262,730	\$ 3,262,730	\$ 3,459,768

Capital - General

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Special District Tax	\$ 68,354	\$ 70,000	\$ 68,000	\$ 68,000
Vehicle Tax- Special District	\$ 1,650	\$ -	\$ 1,600	\$ -
Local Option Sales Tax	\$ 360,000	\$ 560,000	\$ 560,000	\$ 520,000
State Grant	\$ -	\$ 6,900	\$ -	\$ -
Federal Grant - SAFETEA	\$ -	\$ -	\$ -	\$ 272,000
Transfer Station Fees	\$ 480,000	\$ 323,000	\$ 323,000	\$ 262,400
Sale of Material	\$ -	\$ 55,000	\$ -	\$ -
Interest	\$ 8,869	\$ 10,000	\$ 9,800	\$ 10,000
Contribution	\$ -	\$ 35,000	\$ -	\$ -
Library Lease Reimbursement	\$ -	\$ 400,300	\$ 400,300	\$ 338,700
Miscellaneous	\$ -	\$ 1,750	\$ 1,750	\$ -
Lease Proceeds	\$ -	\$ 400,000	\$ -	\$ 350,000
Transfer	\$ 100,387	\$ 50,000	\$ 15,000	\$ 68,000
Fund Balance Appropriated	\$ -	\$ 255,500	\$ -	\$ -
Total	\$ 1,019,260	\$ 2,167,450	\$ 1,379,450	\$ 1,889,100

Revenue

Electric Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Utility Sales	\$ 68,605,410	\$ 77,869,842	\$ 77,900,000	\$ 83,500,000
Expense Recovery	\$ 350,285	\$ 250,000	\$ 376,000	\$ 380,000
Meter Tampering	\$ 6,594	\$ 85,000	\$ 3,000	\$ 10,000
Interest/Penalties	\$ 297,460	\$ 200,000	\$ 250,000	\$ 250,000
Lease Proceeds	\$ -	\$ 2,360,000	\$ 1,577,400	\$ 100,000
Interest Income	\$ 20,107	\$ 30,000	\$ 55,000	\$ 60,000
Insurance Settlement	\$ 187,251	\$ -	\$ -	\$ -
Rents - Equipment	\$ -	\$ 120,000	\$ -	\$ -
Return Check Fees	\$ 34,908	\$ 30,000	\$ 35,000	\$ 35,000
Bad Debt Collected	\$ 168,186	\$ 20,000	\$ 150,000	\$ 155,000
Local Grant - Golden Leaf	\$ -	\$ 250,000	\$ 250,000	\$ -
Miscellaneous	\$ 250	\$ -	\$ 5,000	\$ 26,160
Telephone Charges	\$ 521,730	\$ 545,000	\$ 448,016	\$ 471,000
Fund Balance Appropriated	\$ -	\$ 1,239,700	\$ -	\$ -
Radio Maintenance Fees	\$ 273,014	\$ 300,000	\$ 288,000	\$ 290,000
Total	\$ 70,465,195	\$ 83,299,542	\$ 81,337,416	\$ 85,277,160

Gas Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Utility Sales	\$ 26,952,072	\$ 32,835,840	\$ 32,100,000	\$ 27,400,000
Expense Recovery	\$ 11,650	\$ 1,000	\$ 7,400	\$ 10,000
Interest/Penalties	\$ 123,344	\$ 70,000	\$ 80,000	\$ 85,000
Interest Income	\$ 62,244	\$ 20,000	\$ 120,000	\$ 130,000
Lease Proceeds	\$ -	\$ -	\$ -	\$ 185,000
Return Checks	\$ 250	\$ 2,600	\$ 250	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ 14,874
Appropriation - Working Capital	\$ -	\$ 250,000	\$ -	\$ 237,000
Fund Balance Appropriation	\$ -	\$ 372,100	\$ -	\$ -
Reconnection	\$ -	\$ 21,000	\$ -	\$ -
Total	\$ 27,149,560	\$ 33,572,540	\$ 32,307,650	\$ 28,061,874

Water Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Frontage Fee	\$ 58,556	\$ 50,000	\$ 50,000	\$ 50,000
Privilege Fee	\$ 23,779	\$ 10,000	\$ 20,000	\$ 20,000
State Grant	\$ -	\$ -	\$ -	\$ 50,000
Utility Sales	\$ 8,614,506	\$ 9,330,000	\$ 9,330,000	\$ 9,470,000
Service Taps	\$ 16,178	\$ 20,000	\$ 15,000	\$ 17,000
Interest Income	\$ 61,828	\$ 63,000	\$ 90,000	\$ 50,000
Interest /Penalties	\$ 37,946	\$ 50,000	\$ 35,000	\$ 35,000
Return Checks	\$ 2,300	\$ -	\$ 2,000	\$ -
Assessment	\$ (29,996)	\$ 10,000	\$ 8,000	\$ 10,000
Rents - Other Facilities	\$ 27,755	\$ 30,000	\$ 28,000	\$ 28,000
Miscellaneous Revenues	\$ 37,567	\$ 40,000	\$ 40,000	\$ 55,218
Fund Balance Appropriation	\$ -	\$ 3,697,836	\$ -	\$ -
Reconnection	\$ -	\$ 15,000	\$ -	\$ -
Lease Proceeds	\$ -	\$ 692,000	\$ -	\$ -
Total	\$ 8,850,419	\$ 14,007,836	\$ 9,618,000	\$ 9,785,218

Revenue

Sewer Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Frontage Fee	\$ 2,938	\$ 20,000	\$ 35,975	\$ 20,000
Privilege Fee	\$ 2,993	\$ -	\$ 9,877	\$ -
Pretreatment Fees	\$ 108,679	\$ -	\$ -	\$ -
Utility Sales	\$ 8,832,796	\$ 10,147,500	\$ 10,200,000	\$ 10,812,000
Service Taps	\$ 3,664	\$ 7,500	\$ 4,000	\$ 4,000
Miscellaneous	\$ 126,423	\$ 123,000	\$ 120,000	\$ 142,048
Interest/Penalties	\$ 49,366	\$ 25,000	\$ 39,000	\$ 40,000
Retirm Checks	\$ 100	\$ -	\$ -	\$ -
Debt Proceeds	\$ 592,893	\$ 4,700,000	\$ 3,955,050	\$ -
Assessments	\$ 86,381	\$ 75,000	\$ 80,000	\$ 50,000
Interest Income	\$ 22,218	\$ 30,000	\$ 27,000	\$ 30,000
Fund Balance Appropriated	\$ -	\$ 1,934,326	\$ -	\$ 205,170
Total	\$ 9,828,451	\$ 17,062,326	\$ 14,470,902	\$ 11,303,218

Stormwater Fund

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Utility Sales	\$ 2,317,371	\$ 2,500,000	\$ 2,600,000	\$ 2,600,000
Interfund Transfer - General Fund	\$ 400,000	\$ 300,000	\$ 300,000	\$ 110,000
Interfund Transfer - Powell Bill	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Lease Proceeds	\$ 86,576	\$ 230,000	\$ 211,000	\$ 290,000
Reconnection	\$ -	\$ 1,000	\$ -	\$ -
Expense Recovery	\$ 4,848	\$ -	\$ -	\$ -
Interest	\$ 23,603	\$ -	\$ 55,000	\$ 65,000
Interest/Penalty	\$ 11,047	\$ 6,000	\$ 10,000	\$ 11,000
Fund Balance Appropriated	\$ -	\$ 406,900	\$ -	\$ 446,450
Total	\$ 3,243,445	\$ 3,843,900	\$ 3,576,000	\$ 3,922,450

GRAND TOTAL	\$ 165,933,321	\$ 208,291,209	\$ 191,016,266	\$ 194,249,813
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Expenditures

		2004-05		2005-06		2005-06		2006-07
		Actual		Budget		Projected		Budget
General Fund								
Mayor & City Council	\$	339,526	\$	596,192	\$	396,489	\$	939,978
City Clerk	\$	197,912	\$	221,732	\$	220,593	\$	214,693
Community Services	\$	661,125	\$	727,010	\$	608,010	\$	877,229
City Manager								
City Manager	\$	545,346	\$	564,002	\$	555,122	\$	545,661
Downtown Development	\$	97,515	\$	113,876	\$	112,872	\$	110,429
Public Affairs	\$	102,019	\$	105,514	\$	102,642	\$	114,909
<i>Total</i>	\$	744,880	\$	783,392	\$	770,636	\$	770,999
Human Resources								
Human Resources	\$	700,675	\$	648,859	\$	1,264,334	\$	1,348,504
Human Relations	\$	281,703	\$	255,955	\$	260,153	\$	226,743
Finance								
Administration	\$	187,581	\$	976,206	\$	152,491	\$	241,663
Accounting	\$	157,763	\$	115,769	\$	74,861	\$	126,783
Purchasing	\$	73,120	\$	91,987	\$	101,618	\$	89,344
Utility Business Office	\$	290,681	\$	353,016	\$	218,939	\$	166,441
Information Services	\$	(349,124)	\$	506,591	\$	245,430	\$	52,860
<i>Total</i>	\$	360,021	\$	2,043,569	\$	793,339	\$	677,091
Central Services								
Copy Center	\$	81,273	\$	46,700	\$	46,700	\$	3,000
Property & Risk Management	\$	319,404	\$	394,688	\$	388,800	\$	466,840
Judicial Center	\$	219,551	\$	226,922	\$	216,685	\$	223,760
<i>Total</i>	\$	620,228	\$	668,310	\$	652,185	\$	693,600
Police								
Administration	\$	456,295	\$	581,560	\$	547,899	\$	620,251
Administrative Services	\$	850,775	\$	922,722	\$	914,181	\$	998,869
Staff Services	\$	1,691,847	\$	1,877,325	\$	1,863,735	\$	1,854,261
Uniformed Operations	\$	6,303,494	\$	6,560,393	\$	6,407,693	\$	6,783,506
Investigative Services	\$	1,211,754	\$	1,282,275	\$	1,187,096	\$	1,230,706
<i>Total</i>	\$	10,514,165	\$	11,224,275	\$	10,920,604	\$	11,487,593
Fire								
Administration	\$	431,791	\$	468,659	\$	467,105	\$	564,093
Operations	\$	7,486,061	\$	8,009,354	\$	7,998,730	\$	7,690,906
Life Safety/Emergency	\$	445,312	\$	505,350	\$	470,070	\$	516,622
Support Services	\$	334,988	\$	347,860	\$	338,705	\$	400,710
<i>Total</i>	\$	8,698,152	\$	9,331,223	\$	9,274,610	\$	9,172,331
Public Works								
Administration	\$	179,233	\$	186,592	\$	180,221	\$	184,849
Streets and R.O.W.	\$	2,028,842	\$	1,974,394	\$	2,032,160	\$	1,809,027
Fleet Maintenance	\$	560,049	\$	464,323	\$	700,702	\$	476,463
Environmental Services	\$	5,588,299	\$	6,502,037	\$	5,959,156	\$	6,719,622
Community Code	\$	653,682	\$	839,447	\$	826,045	\$	817,730
<i>Total</i>	\$	9,010,105	\$	9,966,793	\$	9,698,284	\$	10,007,691
Engineering								
Administration	\$	459,915	\$	539,616	\$	458,813	\$	512,019
Traffic	\$	631,260	\$	673,835	\$	647,102	\$	632,304
<i>Total</i>	\$	1,091,175	\$	1,213,451	\$	1,105,915	\$	1,144,323

Expenditures

		2004-05		2005-06		2005-06		2006-07
		Actual		Budget		Projected		Budget
Planning								
Administration	\$	469,162	\$	516,794	\$	495,097	\$	561,944
Inspections	\$	671,928	\$	673,556	\$	614,346	\$	578,217
Community Development	\$	318,684	\$	368,120	\$	308,256	\$	384,819
<i>Total</i>	\$	<i>1,459,774</i>	\$	<i>1,558,470</i>	\$	<i>1,417,699</i>	\$	<i>1,524,980</i>
Parks & Recreation								
Administration	\$	336,968	\$	336,138	\$	326,412	\$	334,566
Athletics	\$	460,434	\$	480,840	\$	460,107	\$	471,780
Amusements & Special Events	\$	1,202,014	\$	133,148	\$	130,576	\$	125,163
Neighborhood Programs	\$	528,876	\$	524,165	\$	530,767	\$	528,682
Senior Programs	\$	143,144	\$	320,014	\$	289,279	\$	1,060,879
Cemetery	\$	339,359	\$	360,812	\$	360,198	\$	408,161
Outdoor Programs	\$	241,300	\$	257,515	\$	265,706	\$	236,381
Parks Maintenance	\$	1,516,961	\$	1,561,874	\$	1,541,932	\$	1,545,766
Children's Museum	\$	313,646	\$	438,713	\$	423,625	\$	469,147
Cultural Arts	\$	1,269,970	\$	1,374,650	\$	1,338,091	\$	669,805
Imperial Centre Buildings	\$	-	\$	267,203	\$	228,203	\$	1,408,498
Sports Complex	\$	-	\$	1,106,546	\$	1,097,797	\$	1,450,042
<i>Total</i>	\$	<i>6,352,672</i>	\$	<i>7,161,618</i>	\$	<i>6,992,693</i>	\$	<i>8,708,870</i>
<u>Grand Total</u>	\$	<u>41,032,113</u>	\$	<u>46,400,849</u>	\$	<u>44,375,544</u>	\$	<u>47,794,625</u>

Powell Bill Fund

Capital Projects	\$	2,361,599	\$	4,305,036	\$	3,254,000	\$	2,376,400
<u>Grand Total</u>	\$	<u>2,361,599</u>	\$	<u>4,305,036</u>	\$	<u>3,254,000</u>	\$	<u>2,376,400</u>

E911 Fund

E911 Maintenance	\$	221,634	\$	369,000	\$	296,000	\$	380,000
<u>Grand Total</u>	\$	<u>221,634</u>	\$	<u>369,000</u>	\$	<u>296,000</u>	\$	<u>380,000</u>

Debt Service Fund

Debt Service Payments	\$	2,691,255	\$	3,262,730	\$	3,262,729	\$	3,459,768
<u>Grand Total</u>	\$	<u>2,691,255</u>	\$	<u>3,262,730</u>	\$	<u>3,262,729</u>	\$	<u>3,459,768</u>

General Capital Projects

General	\$	34,323	\$	330,000	\$	195,000	\$	45,000
Downtown	\$	-	\$	-	\$	-	\$	340,000
Public Safety	\$	413,219	\$	400,000	\$	400,000	\$	450,000
Economic Development	\$	25,544	\$	54,500	\$	5,000	\$	50,000
Parks & Recreation	\$	1,017,571	\$	1,382,950	\$	1,256,350	\$	1,004,100
<u>Grand Total</u>	\$	<u>1,490,657</u>	\$	<u>2,167,450</u>	\$	<u>1,856,350</u>	\$	<u>1,889,100</u>

Electric Fund

Electric Distribution	\$	67,364,787	\$	76,535,567	\$	76,367,274	\$	81,954,759
Communications Support	\$	622,870	\$	664,836	\$	612,646	\$	637,722
Administration	\$	235,158	\$	251,035	\$	247,000	\$	322,027
Energy Services	\$	999,128	\$	1,424,704	\$	1,309,907	\$	1,362,652
Electric Capital	\$	1,018,509	\$	4,423,400	\$	3,656,249	\$	1,000,000
<u>Grand Total</u>	\$	<u>70,240,452</u>	\$	<u>83,299,542</u>	\$	<u>82,193,076</u>	\$	<u>85,277,160</u>

Expenditures

	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Budget
Gas Fund				
Gas Distribution	\$ 24,862,303	\$ 32,498,747	\$ 32,489,600	\$ 27,211,874
Gas Capital	\$ 536,154	\$ 1,073,793	\$ 1,046,800	\$ 850,000
<u>Grand Total</u>	<u>\$ 25,398,457</u>	<u>\$ 33,572,540</u>	<u>\$ 33,536,400</u>	<u>\$ 28,061,874</u>
Water Fund				
Technical Services	\$ (55,497)	\$ 955	\$ (49,892)	\$ -
Water Treatment	\$ 6,224,839	\$ 6,586,702	\$ 6,402,299	\$ 6,704,837
Water Services	\$ 2,036,864	\$ 2,492,259	\$ 2,425,425	\$ 2,445,381
Administration	\$ (4,583)	\$ 7,520	\$ (4,434)	\$ -
Water Capital	\$ 935,636	\$ 4,920,400	\$ 4,876,900	\$ 635,000
<u>Grand Total</u>	<u>\$ 9,137,259</u>	<u>\$ 14,007,836</u>	<u>\$ 13,650,298</u>	<u>\$ 9,785,218</u>
Sewer Fund				
Wastewater Treatment	\$ 6,470,712	\$ 7,058,983	\$ 7,102,524	\$ 7,797,929
Sewer Services	\$ 2,286,033	\$ 2,556,843	\$ 2,438,061	\$ 2,623,289
Sewer Capital	\$ 2,209,090	\$ 7,446,500	\$ 7,339,000	\$ 882,000
<u>Grand Total</u>	<u>\$ 10,965,835</u>	<u>\$ 17,062,326</u>	<u>\$ 16,879,585</u>	<u>\$ 11,303,218</u>
Stormwater Fund				
Administration	\$ 608,225	\$ 734,929	\$ 844,046	\$ 770,369
Operations	\$ 1,729,509	\$ 1,972,471	\$ 1,854,872	\$ 2,152,081
Stormwater Capital	\$ 348,452	\$ 1,136,500	\$ 996,000	\$ 1,000,000
<u>Grand Total</u>	<u>\$ 2,686,186</u>	<u>\$ 3,843,900</u>	<u>\$ 3,694,918</u>	<u>\$ 3,922,450</u>
GRAND TOTAL	\$ 166,225,447	\$ 208,291,209	\$ 202,998,900	\$ 194,249,813

Budget Overview

Analysis of Selected Funds

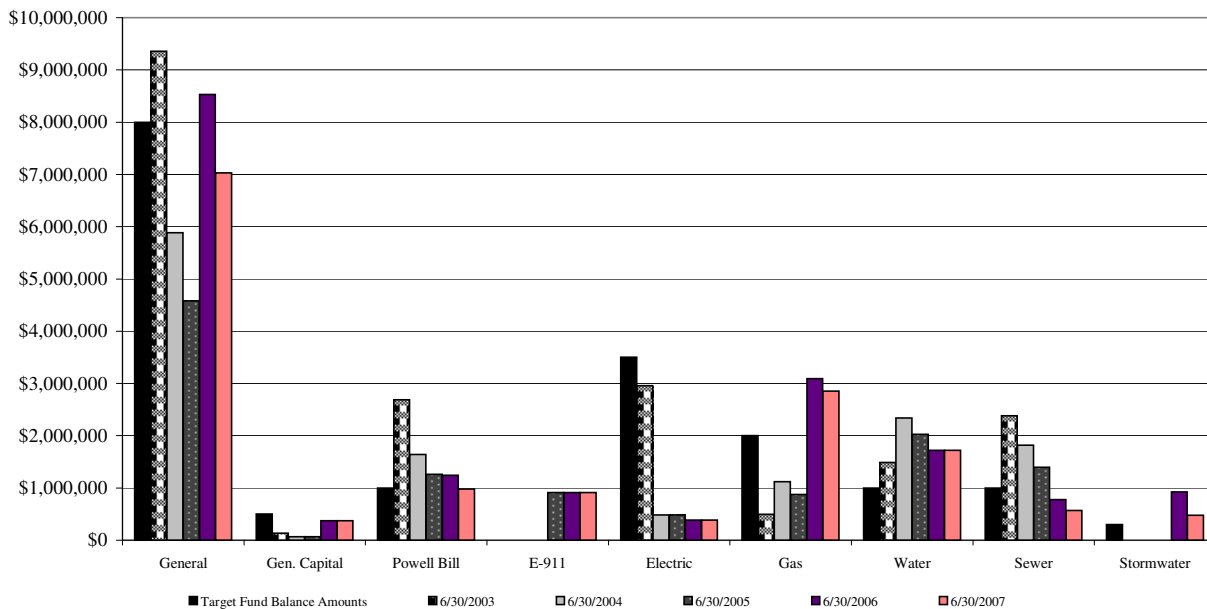
Revenue Type	General Fund	General Capital Fund	Powell Bill Fund	E-911 Fund	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Stormwater Fund	Canteen Fund
Ad Valorem Tax	\$ 17,581,000	\$ 68,000								
Intergovernmental	\$ 14,228,100	\$ 792,000	\$ 1,960,380	\$ 350,000			\$ 50,000			
Leases & Investments	\$ 1,607,000	\$ 360,000	\$ 100,000	\$ 30,000	\$ 410,000	\$ 400,000	\$ 85,000	\$ 70,000	\$ 366,000	
Miscellaneous	\$ 1,251,055	\$ 338,700	\$ 50,000		\$ 977,160	\$ 14,874	\$ 93,218	\$ 192,048		\$ 566,280
Sales & Permits	\$ 8,627,470	\$ 262,400			\$ 83,890,000	\$ 27,410,000	\$ 9,557,000	\$ 10,836,000	\$ 2,600,000	
Transfers	\$ 3,000,000	\$ 68,000							\$ 510,000	
Fund Balance Appropriated	\$ 1,500,000		\$ 266,020			\$ 237,000		\$ 205,170	\$ 446,450	
TOTAL	\$ 47,794,625	\$ 1,889,100	\$ 2,376,400	\$ 380,000	\$ 85,277,160	\$ 28,061,874	\$ 9,785,218	\$ 11,303,218	\$ 3,922,450	\$ 566,280

Expenditure Type	General Fund	General Capital Fund	Powell Bill Fund	E-911 Fund	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Stormwater Fund	Canteen Fund
Personal Services	\$ 35,962,476				\$ 3,832,445	\$ 1,232,813	\$ 2,592,750	\$ 2,199,810	\$ 1,559,370	
Current Operating	\$ 9,936,210	\$ 435,000	\$ 125,000	\$ 30,000	\$ 71,251,020	\$ 21,952,050	\$ 2,486,400	\$ 2,180,230	\$ 904,250	
Obligations & Services	\$ 5,902,130			\$ 270,000	\$ 728,100	\$ 163,700	\$ 449,200	\$ 460,500	\$ 28,100	
Fixed Charges & Services	\$ 3,758,680	\$ 794,100			\$ 1,920,790	\$ 249,330	\$ 1,625,880	\$ 2,133,850	\$ 199,830	
Capital Outlay	\$ 2,391,700	\$ 660,000	\$ 1,333,400	\$ 80,000	\$ 2,210,200	\$ 1,213,000	\$ 760,500	\$ 1,116,400	\$ 752,000	
Other Expenses	\$ (10,603,900)		\$ 450,000		\$ 4,084,605	\$ 2,350,981	\$ 1,520,488	\$ 3,212,428	\$ 478,900	\$ 566,280
Transfers	\$ 447,329		\$ 468,000		\$ 1,250,000	\$ 900,000	\$ 350,000			
TOTAL	\$ 47,794,625	\$ 1,889,100	\$ 2,376,400	\$ 380,000	\$ 85,277,160	\$ 28,061,874	\$ 9,785,218	\$ 11,303,218	\$ 3,922,450	\$ 566,280

Fund Balance Analysis	General Fund	General Capital Fund	Powell Bill Fund	E-911 Fund	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Stormwater Fund	Canteen Fund
Estimated Fund Balance 6/30/06	\$ 8,532,611	\$ 375,750	\$ 1,245,330	\$ 910,229	\$ 384,040	\$ 3,091,820	\$ 1,719,792	\$ 776,697	\$ 925,852	\$ -
Revenues	\$ 43,294,625	\$ 1,821,100	\$ 2,110,380	\$ 380,000	\$ 85,277,160	\$ 27,824,874	\$ 9,785,218	\$ 11,098,048	\$ 2,966,000	\$ 566,280
Transfers In	\$ 3,000,000	\$ 68,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,000	\$ -
Total	\$ 54,827,236	\$ 2,264,850	\$ 3,355,710	\$ 1,290,229	\$ 85,661,200	\$ 30,916,694	\$ 11,505,010	\$ 11,874,745	\$ 4,401,852	\$ 566,280
Expenditures	\$ 47,347,296	\$ 1,889,100	\$ 1,908,400	\$ 380,000	\$ 84,027,160	\$ 27,161,874	\$ 9,435,218	\$ 11,303,218	\$ 3,922,450	\$ 566,280
Transfers Out	\$ 447,329	\$ -	\$ 468,000	\$ -	\$ 1,250,000	\$ 900,000	\$ 350,000	\$ -	\$ -	\$ -
Total	\$ 47,794,625	\$ 1,889,100	\$ 2,376,400	\$ 380,000	\$ 85,277,160	\$ 28,061,874	\$ 9,785,218	\$ 11,303,218	\$ 3,922,450	\$ 566,280
Estimated Balance as of 6/30/07	\$ 7,032,611	\$ 375,750	\$ 979,310	\$ 910,229	\$ 384,040	\$ 2,854,820	\$ 1,719,792	\$ 571,527	\$ 479,402	\$ -

These are the estimated available fund balances for all funds.
Estimated Balances include All Reserves.

Changes in Estimated Fund Balances



Utilities Strategic Plan

Publicly owned utilities across the country are facing a variety of economic challenges and societal pressures. Here in Rocky Mount, we have four utilities that provide reliable and quality energy and resource services: electric, gas, water and wastewater. In this era of change and uncertainty in the energy industry, utilities such as the City of Rocky Mount Public Utilities, which have built a solid track record of performance, cannot rely on its past performance and past customer loyalty to sustain the organization.

In 1995, the leadership of the City of Rocky Mount and its public utilities chose to embark on a strategic management process that will allow the City to pursue its concept of “one utility—one future” and together to “learn its way to the future.” Since that time, cross-functional teams have worked on various action plans developed to support the City’s vision “To be the leader in service, performance and innovation.”

The current phase of activities consists of a number of initiatives, including:

- Development and implementation of a user group for the Customer Information System.
- Improvements to the utilities dispatch system.
- Development and implementation of a mission/goal based measurement scorecard.
- Implementation of a work order system to support and supplement benchmarking and existing MIS data.

For more information, see the complete Utilities Strategic Plan.

Priorities and Focus Areas

On March 31, 1997, Mayor Frederick E. Turnage and members of the City Council developed and adopted a Vision Statement for the City of Rocky Mount that reflects what they desire our City to be in the future.

Vision of the City of Rocky Mount

Rocky Mount is a City composed of people of diverse backgrounds, heritages and interests with a shared sense of values, stewardship and community.

It is a City where all citizens have the opportunity to realize their full potential through individual initiative and community support.

Its citizens enjoy and value the benefits of efficient, cost-effective and responsive public services, and a strong and diversified economy and superior cultural and educational resources.

Rocky Mount recognizes and appreciates its history while responding to the challenges and opportunities of regional and global change in a proactive and realistic manner.

In April 2005, the Mayor and City Council of the City of Rocky Mount discussed and developed Priorities and Focus Areas for the City for the future. Six primary priorities were identified and agreed to by the City Council as follows:

6) Promoting Tourism and Cultural Heritage

- a) Promote cultural heritage facilities and tourism
- b) Highlight arts, theater and museum complex
- c) Support athletic complex
- d) Increase greenway and parks
- e) Augment historic preservation
- f) Advance veterans park development

7) Promoting Economic Development

- a) Support Carolinas Gateway Partnership
- b) Enhance small business recruitment
- c) Encourage downtown development and revitalization
- d) Promote I-95 and US 64 location
- e) Extend special emphasis on development in Edgecombe County and inner-city

8) Promoting Community Development

- a) Revitalize inner-city and neighborhoods
- b) Revive downtown
- c) Improve existing housing stock
- d) Enhance Code Enforcement
- e) Provide affordable housing
- f) Maximize CDBG and HOME Programs
- g) Address Brownfields and Grayfields
- h) Advance neighborhood retail

Priorities and Focus Areas

9) **Infrastructure and Utility Business**

- a) Continue investment in infrastructure
- b) Augment supplemental water supply
- c) Better understand Utility Business Management
- d) Advocate concept of Customer Service
- e) Expand WARM program
- f) Examine case management
- g) Ensure financial stability of utility funds
- h) Review transportation and transit development

10) **Values and Guiding Principles**

- a) Seek collaboration
- b) Emphasize diversity
- c) Promote inclusion
- d) Increase fairness
- e) Advance quality of life
- f) Develop regionalism

6) **Public Safety**

- a) Evaluate emergency management
- b) Increase police presence
- c) Highlight crime prevention
- d) Emphasize diversity and community connection
- e) Respond to changing demographics

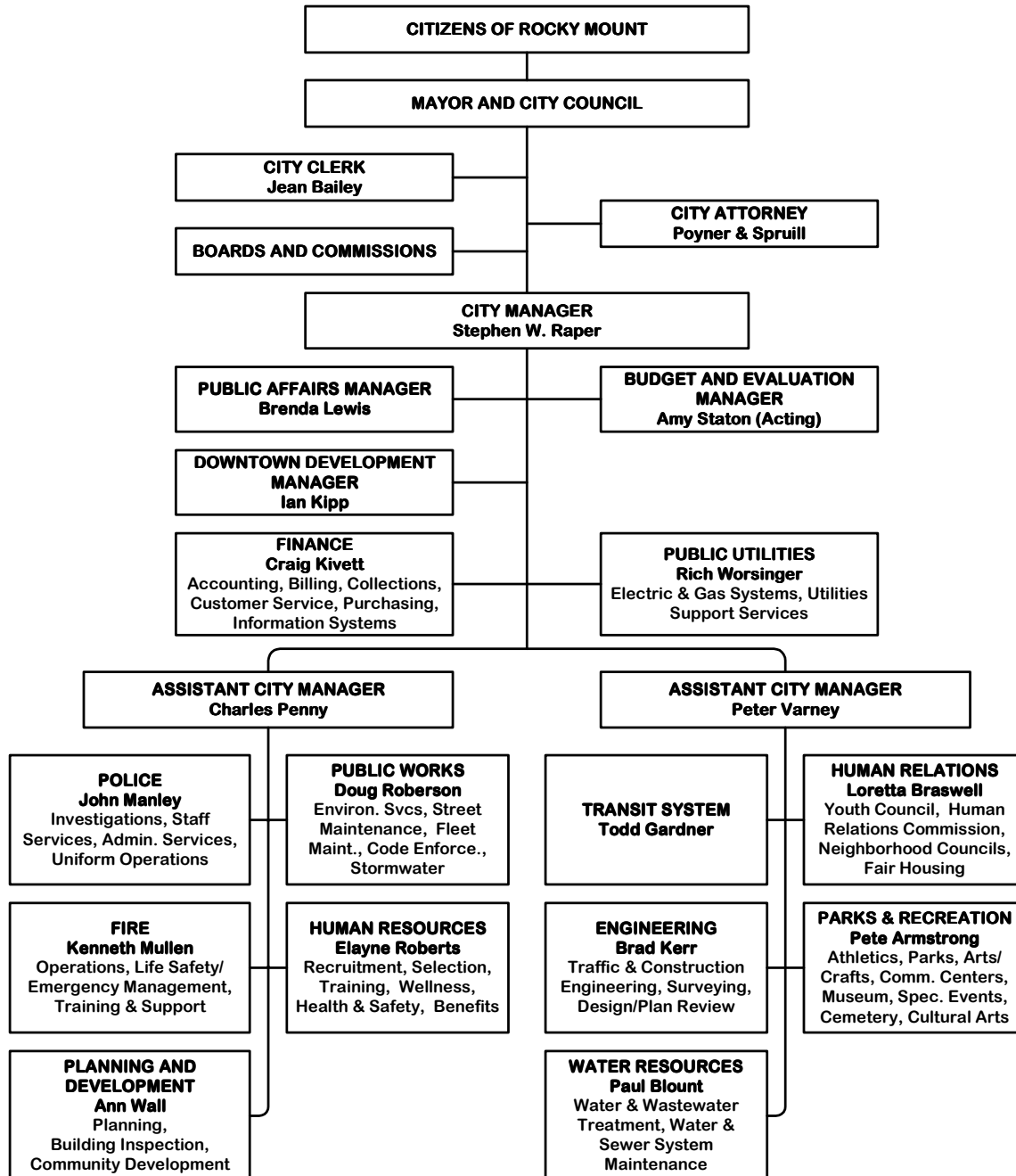
Grant Positions

The City of Rocky Mount is fortunate to have a number of grant funded positions. The Table below identifies these positions and the activity for which or from which funds are received. In addition to these positions, the City received reimbursement from the State Department of Transportation for transportation related activities. These reimbursements offset the salaries, wages and benefits of the eligible employees.

Position	Activity	Number
Transit Administrator	Transit	1
Secretary	Transit	1
Mechanic	Transit	2
Police Officers	School Resources Officers	4
Police Officers	Housing Authority	1
Community Development Administrator	CBDG	1
Community Development Technician	CBDG	1
Housing Rehab Specialist	CBDG	1
Community Development Specialist	CDBG	1
Total		13

Organization Chart

City of Rocky Mount

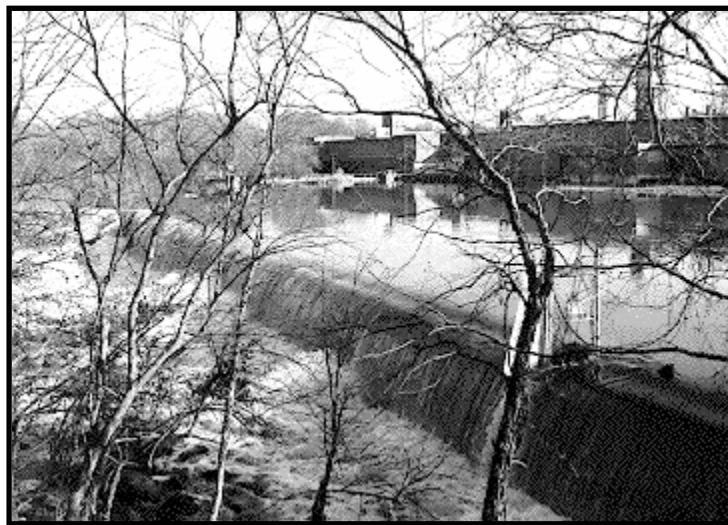


Community Profile

History

The settlement of Rocky Mount and its surrounding area began near a Tar River waterfall in what is now the northeastern part of the city. Today those same falls, along with the rocky mound near the fall that gave the city its name, still provide a scenic beauty and historical flavor that attracts visitors from all over the state year after year.

Before the colonists arrived, the rocky mound was a popular hunting ground for the Tuscorora Indians who called the region home as well as other Native Americans who visited from all parts of an area spanning Pennsylvania to Florida. Europeans settled the region quickly between 1734 and 1777, but the first official reference to the name “Rocky Mount” did not appear until 1816 with the establishment of the Post Office near the falls.



View of Rocky Mount Mills from the Tar River

Two years later the state’s second cotton mill was constructed drawing its power from the falls and sparking even more growth in the area. This establishment of Rocky Mount Mills was instrumental in enticing the railroad through the village. In March 1840 the trains began to roll through the still present downtown depot. The population reached 300 by 1867 leading to the village’s incorporation into a town in February of that year. Then on February 28, 1907, as a result of strong growth in the Rocky Mount tobacco market since the late 1800’s, the population topped 7,500 and the town was incorporated into a city. The City enjoyed constant growth over the next twenty years. Then came the challenge of recovering from the Great Depression that made its mark locally in the early thirties. With patient investment in city infrastructure including a new water plant, two new schools, an airport, a city park, and the aggressive pursuit and attainment of a private four year college over the next two decades, Rocky Mount poised itself for economic recovery. The loss of the railroad in 1950 seemed a devastating blow, but the City’s economy began to diversify. The original economic catalysts of cotton mills, railroads, and agriculture turned to larger scale textiles and a varied array of manufacturing establishments that would bring back days of expansion not seen since the early 1900’s and take the City into the present.

Community Profile

Economy

Rocky Mount's commercial activity historically centered on the textile and agricultural industries. These established industries continue to contribute to the City's economy while solid growth has taken over in newer technologically advanced commercial areas. Hardee's Food Systems began in Rocky Mount in 1962. Abbot Laboratories (Hospira) and Black and Decker Manufacturing Company opened plants in 1968 and 1970 respectively. AlliedSignal Aerospace Company (Honeywell International, Inc.), Consolidated Diesel Company, and Sara Lee Bakery Company all opened up shop in the 1980's. With a decline in manufacturing jobs in the US, these companies have undergone changes; however, they continue to solidify the Rocky Mount economy while the City constantly keeps economic development and diversification as the highest of priorities.

A growing population, quality educational and training institutions, and an excellent location for commerce all stimulate the diverse economic activity of Rocky Mount. The City presently occupies approximately 37 square miles, straddling the border between Nash and Edgecombe counties, and has a population just over 56,000 making it the fifteenth largest city in North Carolina. Between the 1980 census and the 1990 census Rocky Mount had an 18.7 percent increase in population. Nash and Edgecombe Community Colleges have met the educational needs of the population for the last 25 years by offering courses and providing training in many fields that produce a skilled workforce. North Carolina Wesleyan College, a private liberal arts institution, was founded in 1956 and continues to offer courses and programs to non-traditional students in the area through an Adult Degree Program while also educating its 1600 full-time students from all over the Nation. The location of Rocky Mount provides area companies and firms convenient access to major highways and primary modes of transportation. Situated where Interstate-95, the main north/south thoroughfare on the East Coast, meets U.S.64, Rocky Mount is in the heart of the Eastern Seaboard. Located halfway between New York and Florida, Rocky Mount is also within close driving distance of the Research Triangle Park and the capital cities of North Carolina and Virginia. Easy access to U.S. 264, U.S. 301, and Interstates 40 and 85 put Rocky Mount in very close proximity to an excellent overland transportation system. The Rocky Mount - Wilson airport services the area locally with the Raleigh - Durham International Airport 80 miles west. CSX Transportation, Norfolk-Southern Railroad, and Amtrak all provide rail transportation through Rocky Mount. Three major ports including Wilmington, Morehead City, and Hampton Roads, VA are also in close proximity.

Community Profile



Rocky Mount City Hall

City Government

The Council-Manager form of government has been in place in Rocky Mount since 1927. The Council is the legislative body of City government and includes a Mayor who serves as presiding officer and seven Council members that represent seven wards. The Mayor is the only representative elected by the citizens at-large while each Council member is elected from his or her respective ward. The Mayor and all Council members serve four year terms.

The City of Rocky Mount offers a full range of services. Rocky Mount has been a public power community since 1902. It also owns and maintains its own gas distribution system and water and sewer system. Because Rocky Mount is a public power community, it allows citizens to enjoy an ad valorem tax rate that is one of the lowest in the state for cities with populations of greater than 35,000.